

**MEDIUM TERM REVENUE & EXPENDITURE  
FRAMEWORK 2012/2013  
BUDGET DOCUMENT**



**OF  
MADIBENG LOCAL MUNICIPALITY**

**CONTENT AND FORMAT OF 2012/2013 – 2014/2015  
BUDGET DOCUMENT**

<b>Sect.</b>	<b>Section description</b>	<b>Page</b>
	<b>ANNUAL BUDGET</b>	
1	Table of Contents and list of acronyms	1 – 3
2	Mayor's Report	4 – 14
3	Council Resolutions (ITEM A.0204) 31 May 2012)	15
4	Executive Summary	16
5	Operating Revenue Framework	16 – 18
6	Operating Expenditure Framework	18 – 19
7	Capital expenditure	19
8	Annual Budget Tables Parent Municipality	20 – 28
	<b>SUPPORTING DOCUMENTATION</b>	
9	Overview of the annual budget process	29 – 30
10	Overview of alignment of annual budget with IDP	30 – 31
11	Measurable performance objectives and indicators	31
12	Overview of budget related policies	31
13	Overview of budget assumptions	31 – 34
14	Councillor and employee benefits	35
15	Annual budgets and SDBIPs – internal departments	36
16	Capital expenditure details	36
17	Legislation compliance status	37 - 38
18	Municipal manager's quality certificate	39
19	Adopted Policies, By Laws and Tariff Schedules	Annexure A - K

### List of acronyms

<b>IDP</b>	Integrated Development Plan
<b>CRR</b>	Capital Replacement Reserve
<b>GAAP</b>	Generally Accepted Accounting Principles
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practice
<b>GRAP</b>	Generally Recognized Accounting Practice
<b>DHLG</b>	Department of Housing and Local Government
<b>MFMA</b>	Municipal Finance Management Act
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>CPIX</b>	Consumer Price Index
<b>FBS</b>	Free Basic Services
<b>GDP</b>	Gross Domestic Product
<b>MIG</b>	Municipal Infrastructure Grant
<b>BEE</b>	Black Economic Empowerment
<b>SMME</b>	Small Medium and Micro Enterprises
<b>LED</b>	Local Economic Development
<b>DPLG</b>	Department of Provincial and Local Government
<b>DWA</b>	Department of Water Affairs
<b>DORA</b>	Division of Revenue Act
<b>MTREF</b>	Medium Term Revenue and Expenditure Framework
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>MSA</b>	Municipal Systems Act
<b>PMS</b>	Performance Management System
<b>PPP</b>	Public Private Partnership
<b>DBSA</b>	Development Bank of South Africa
<b>DM</b>	District Municipality
<b>SALGA</b>	South African Local Government Agency
<b>SETA</b>	Sectoral Education and Training Authority
<b>HDI</b>	Historically Disadvantaged Individuals
<b>CDW</b>	Community Development Worker
<b>EPWP</b>	Extended Public Works Programme
<b>NERSA</b>	National Energy Regulator of South Africa
<b>MSIG</b>	Municipal Systems Improvement Grant
<b>NDPG</b>	Neighbourhood Development Partnership Grant
<b>INEG</b>	Integrated National Energy Grant
<b>MM</b>	Municipal Manager

## 2. MAYOR'S REPORT

***The 2012/13 Budget Speech delivered by Her Worship the Executive Mayor of the Local Municipality of Madibeng Hon. Cllr. M.P Magongwa during the Special Council Sitting held on the 29<sup>th</sup> May 2012 in the Town Hall (Brits)***

Honourable Speaker, Cllr. Buti Makhongela;  
Honourable Single whip, Cllr. Solomon Maletse;  
Honourable Members of the Mayoral Committee;  
The Municipal Manager, Mr. Monde Juma;  
Honourable Dikgosi and their entourages;  
Honourable Councillors of the Local Municipality of Madibeng;  
Leaders of the Alliance;  
Directors, Senior Managers and the staff of the municipality;  
Representatives of formal and informal business sectors;  
Representatives of various community and faith based organisations;  
Members of the media present here; and  
People of Madibeng.

Good morning to you all!

I must say that it is cold but this is the kind of temperature we need if we are to listen attentively at this all important announcement.

It is an honour for me to stand before this august house to deliver the first budget of the municipal council you elected a year ago. I refer to this budget as the first because when we were elected, the budget making process had been finalised and many of us had not been part of it.

Taking oath of office at the time when the world is facing the second economic meltdown in a space of six years is not an easy task. More so when the countdown to elections is characterised by a plethora of community protests for service delivery. These protest actions overlapped onto our new term of office and as leaders we had to grapple with all its dynamics.

Having started the term on a low key with an institution that just came out of administration, with the morale of employees still dampened, we had to ensure that we pull all strings simultaneously with an intention to rehabilitate, reshape and restore the obviously dented image of the municipality.

Mr. Speaker, I wish to begin with a solemn declaration that the work we do today is an unremitting pledge we make in honour of the late former Mayor of this municipality, Comrade Levy Mamabolo. Let us through all our actions make his memory our institutional inspiration because of the selflessness, honesty and visionary leadership he provided.

Whilst speaking of all the good qualities found in our leaders, I must also hasten to say that these leaders are human and deserve to be treated with utmost respect and dignity. I say this Mr. Speaker, following the sheer embarrassment of our nation and State President by Brett Murray under the guise of art and freedom of expression. This painting has done a draw back on our society's strides to strengthen UBUNTU with all its precepts.

The freedom that allows one person to be subjected to gross humiliation is not part of the freedoms we have fought for. This negates the pledge by our first democratically elected President Nelson Mandela when he said as he affirmed our resolve that, I quote **"Never, never and never again shall we see in this beautiful nation of ours the enslavement of one person by the other"** end quote. Our

humanity can never be measured and or assessed scientifically or proven legally because we are natural beings whose conduct is premised on the warmth of our hearts and not paint brushes. Brett Murray you dare not open healing wounds, lest having history repeating itself in our favour.

Honourable. Speaker Sir, we are acutely aware that we gather here today against the backdrop of a global financial crisis that has sent the world economy into a tailspin. We are in a dreadful mess, the magnitude of which is driven home each day by new record lows for the major stock markets, new record highs for unemployment and global business going backwards as factories close.

Whatever its origin, the crash is in no way the fault of the developing world, but the poor in the emerging markets are among its hardest hit victims.

In this sense, firstly, the old models that sustained the world prior to the global economic meltdown cease to hold monopoly on wisdom over what is good for the world economy as long as the wealth remains concentrated in a few countries whilst the rest of the world gets by on crumbs – even when there are not enough crumbs to get by as they are wiped out by the reckless behaviour of rich nations.

Secondly, the reality for poor people is forever at odds with the upward or downward curves thrown up by economic pundits; economic meltdowns and upswings nor whether we are technically in a recession or nor does not answer the question of the poor concretely, which is , what is it in the economic illustration that makes my life better today than yesterday.

Honourable. Speaker we are confronted by food prices spiraling out of control on a daily basis with dire consequences for all especially the poor. Fuel prices are up, down and up again, forcing input cost across the economy to go up relentlessly – again with dire consequences for the working class and the poor as thousands of jobs are put on the line. In our local industries, many firms are trying to mitigate against these harsh conditions through the introduction of job sharing, shorter working weeks and so on – again with dire consequences on household incomes.

Early in 2009, the Deputy Minister of Transport, Jeremy Cronin advised that, “In the global meltdown, our state is already actively coordinating defensive measures. But we cannot chug along with an infrastructure programme and defensive measures, waiting for the next commodity boom that could be a decade away. We have to ensure public spending begins to transform system faults”.

None of this means (that) we should abolish markets. To debunk the ideal of a “free” market is not a call for the abolition of the market mechanism. Markets have allocative capacity to respond dynamically to market signals well than a Sovietera planning entity. But market demand is not the same as social need. In our market place, half the population is too poor to signal anything.

Honourable. Speaker Sir, Ladies and Gentlemen, on a lighter note, I just wish to note that at the beginning of the global economic meltdown the bestselling book worldwide was Das Kapital by Karl Marx. Secondly, current global economic recovery plans including the ones discussed at the recent back to back Summits of world leaders in America (The G8 and Nato) depend to a great extent on how much project finance the Communist People’s Republic of China will dole out to save the world. Are we being told that capitalism has failed the world and communism is now king?

Honourable. Speaker my intention is not to diagnose the problems of the poor beyond recognition. The rich can temporarily borrow the jackets of the poor and tell us that they are a few million rands poorer this year. They can still survive and live happily ever after. For the poor, poverty is the state of nature that assails them daily from all quarters. It is for this reason that I want to put our situation into proper perspective as we march forward in creating a better life for all. We are required to take decisive, not frenzied but measured and yet imaginative steps to traverse what is poised to be our

most challenging period since transitional local government. We are commanded by history to rise to the occasion.

Our developmental local government approach will prove something of a panacea for us going forward, because it demands that we should not be shy to intervene in the municipality's productive economy through plans, partnerships, reforms and strategies that bolster the creation of employment, investment attraction and retention as well as ensure access to quality basic services across the board on a sustainable basis. To achieve this in this current global economic situation, we need to:

- Vigorously implement our business unusual approach in a manner in which it would promote opportunities to our people and encourage innovative ways of delivering services by our staff;
- Focus on a developmental model based on our strategic vision and priorities with increased emphasis on what needs to be done;
- Make use of greater efficiencies and improvements to maintain service delivery standards;
- Engage the local business chamber and the soon to be launched Mayoral Economic Advisory Council to promote local economic development;
- Strengthen the partnership with community based and nongovernmental organisations in providing a safety net for our vulnerable communities including the prudent use of donations and other aid.

Honourable. Speaker, this is a principled approach upon which the 2012/13 Budget and IDP were developed.

The budget we present today is informed by our political priorities and will as such be the guide for our 2012/17 IDP. It is also based on the valuable inputs that we received when the draft Budget and IDP went through a vigorous statutory public participation process that took place in November 2011 as well as in April and May this year.

One of the first areas we want to improve on in this budget is the issue of local economic development through local procurement. I would also like to report that in the quest to empower local businesses the municipality has since June 2011 spent more than R 80 million on the procurement of goods and services.

In order to improve on the empowerment of local business, the municipality will embark on a strategic local procurement reform programme which is underpinned by the following:

1. Local procurement of services and products that support run-of-the-mill activities of the municipality. This means that the municipality will henceforth buy stationery, refreshments and catering, marketing material and so forth locally except in special cases that must be justified. I want to advise our local businesses that the vast expenditure of our procurement budget goes to services and products that we purchase for less than R 200 000. It is these opportunities that our local businesses must target.
2. Investigation and implementation of innovative ways to ensure that our procurement processes encourage strategic linkages between and subcontracting of our local businesses and non Madibeng businesses that vie for any of our tenders. These businesses must also ensure that they transfer skills to our local people.
3. The promotion of the expanded public works programme approach to ensure maximum labour absorption in our projects.
4. Targeted development programmes for skilling and mentorship including the CIDB programmes for emerging construction companies; and
5. The promotion of intra trading amongst our local businesses.

The Bid Evaluation and Adjudication Committees must ensure that they give practical and measurable effect to this pronouncement and this will be factored into, and monitored through the performance management system of the municipality.

Honourable. Speaker, we have listened to the numerous community concerns regarding the state of basic infrastructure in the municipality especially on road maintenance, water, electricity and public lighting. To address these concerns, we have adopted a new approach that seeks to ensure proper maintenance of our infrastructure in established areas whilst at the same time vigorously addressing the backlog in the disadvantaged areas.

The 2012/13 budget being tabled was compiled with a greater emphasis on investment in our infrastructure network. It is intended to significantly improve service delivery to our communities through focused attention on, adequately maintaining and expanding our infrastructure network. We increased our maintenance in particular that of water and electricity, this increased maintenance will increase our revenue considerably and decrease losses in these commodities. The stabilisation of these services will create a platform for financial sustainability of our Municipality. This we need in order to create internal funding mechanisms to cope with the under provision of equipment, fleet and other capital requirements.

Honourable. Speaker, our long standing priority of rural development has not progressed as envisioned especially our quest to provide the minimum basic services to the rural masses in order to achieve amongst others the set millennium development goals. This happened due to the fact that most of the rural people live in privately owned land, and stringent developmental planning requirements for rural settlement establishment.

We are currently in a process of revision of the Spatial Development Framework of the municipality through which we aim to create an enabling environment for socioeconomic development; we need to take the process further by establishing functional development nodes in all our rural areas.

This process will be followed by the development of cluster plans that will promote mixed land uses in these areas. This will enable the municipality and the various stakeholders who are eager to join forces with us to improve the lives of the rural people and giving meaningful effect to our intentions for these areas. Furthermore, having acquired portions of land in these areas there is a need to embark on detailed planning and design process to aid our site and service approach for rural settlement establishment. To make this a reality, we have committed R 4 million towards these planning processes.

I now turn to the budget proper:

There are legislative imperatives and National Treasury guidelines on budgeting. We are currently guided to ensure that our expenditure does not increase beyond the anticipated national growth parameter set at 5.4%. Whilst this is the case, we are also mindful of the fact that salaries, electricity and water increases will have a negative bearing on our budget method and as such other spending areas will have to make good for the accommodation of the latter.

## OPERATIONAL BUDGET

It is appropriate for me to give you a detailed picture of where we accrue our income from and how much is received per source.

### INCOME PER SOURCE

Revenue Source	Amount (in R millions)
Refuse Removal	25,0
Sewerage	43,0
Other Services	65,8
Surcharge	36,0
Water	116,2
Property Rates	217,0
Grants Allocation	289,4
Electricity	388,7
Less Revenue Foregone	(43.9)
Total Operating Revenue	R 1 166,2 billion

It is also appropriate to indicate to you how we will be spending it.

### EXPENDITURE PER CATEGORY

Operating Expenditure	Amount (R millions)
Loan Charges	38,0
Contracted Services	83,4
Contribution to Provisions	231,4
Repair & Maintenance	46,4
Bulk Purchases	400,0
General Expenses	99,7
Employee Related Expenses	225,2
Remuneration of Councillors	24,4
Total Operating Expenditure	R 1 166,1 billion

The above revenue and expenditure amounts does not include any capital grant transfers, which amounts to R 211 000 000.00

The estimated surplus for the year amounts to R 76 000.

A summary of all factors negating our budget method and making enormous amends to normal arrangements is as follows:

- i. The South African Local Government Bargaining Council's "Salary and Wage Collective Agreement for 2009/10 to 2011/12 comes to an end at the time when our new 2012/13 budget has to take effect and municipalities have been advised to budget for a 5% cost of living increase adjustment which will be implemented from the 1<sup>st</sup> July 2012. This is in line



with the increase proposed in the 2011 Multi Term Budget Plan System by the National Treasury.

- ii. The ESKOM price of bulk electricity supplied to municipalities will increase by 27.06% on the 1<sup>st</sup> July 2012. To this end municipalities are urged to examine the cost structure of their electricity undertakings and apply to NERSA for electricity increases that are cost effective and ensure long term financial sustainability. NERSA has effectively set a guideline for municipal tariff increase of 11,3% and our application for a 11,75% for 2012/13 is in line with such a guideline if we are to be able to supply our consumers consistently. For the first time this municipality will implement a Time of Use Tariff to Bulk users. Our current framework for this commodity was introduced in 1982, and it is thus proper to introduce this framework which is in line with the pricing policy of the National Department of Energy.

The gross profit margin of electricity is currently 9% instead of a margin above 40% and the loss in distribution is above 23%. Both these indicators are not at acceptable levels and with the budgetary measures we will decrease the losses and increase the gross profit margin thus introducing a stable way to stabilise the finances of the municipality.

- iii. There is also an increase on water bulk purchases for 13% that is considered on the basis of the revenue base proportion in Rand Water. Up to the current financial year the municipality introduced two tariffs for residential users. This practice is not fair and we had to draft a new framework for tariffs where residents will pay the same for water in the jurisdiction of our municipality.

The gross profit margin of water is currently 15% instead of a margin above 40% and the loss in distribution is above 63%. Both these indicators are not at acceptable levels and with the budgetary measures we will decrease the losses and increase the gross profit margin thus introducing a stable way to stabilise the finances of the municipality. We therefore propose an average increase of 20% for the 2012/13 financial year.

- iv. The income for Sewerage is at an acceptable level though we had to change the tariff framework for this commodity. We will revert back to charge sewerage based on water usage, which undoubtedly proofed the fairest way. An average increase of 7% is proposed, though if a consumer use more than 35 kilolitres of water the tariff will increase with more than the average of 7%.
- v. Refuse Removal is an economic service which should pay for itself, though it estimated that the current loss to council of providing this service is in excess of R 1 million per month. It is therefore that an increase in 20% in this tariff is proposed. Though this increase will not erase the deficit and council will have to phase the deficit in over the next three to four years.
- vi. The Rates Policy and rates tariff schedule had to be revised, since the tariff were not equal and fair to all owners. The new framework will introduced a fair way to tax properties in our municipality. The randage or rate in the Rand will not increase from the current year, but the differentiation between categories of owners was amended in line with the regulations in terms of the Municipal Property Rates Act. Businesses will pay less as a differentiated category was introduced. Bed and Breakfast owners will pay more and they will be treated as business.

- vii. A proposed tariff of 7% for other sources of income is also based on projected collection.
- viii. A surcharge will be levied on all users where such user procures electricity directly from Eskom or where such user procures water directly from Rand Water. The levy for this will be set at 5% of the monthly procurement value of these commodities.

Consumers will find themselves in the deep end if commodities consumed are not paid for or when it is used illegally. Our Credit Control and Debt Collection Policy as well as the Tariff Policy and Schedule make provision for estimated usage as well as Tampering fees.

It is imperative to note that the budget of the municipality is not only based on new expenditure items but has to sustain all the other facilities, services and infrastructure upon which investments were made in the past.

The following key budget policy issues need consideration:

- a. Maintenance and services provision; and
- b. Indigent assistance.

On maintenance, the municipality has allocated R26,3 million for water and electricity provision and R5,3 million for roads. An amount of R15 million has been allocated to attend to indigent assistance while a further R38 million is provided for the settlement of outstanding loans. This include an amount of R18 million for the repayment of the PIC loan, though council is steadfast in its approach to have an commission of enquiry.

Our operating budget for the 2012/13 financial year amounts to R1,367,471,800 (R1,3 billion) while the ones for the 2013/14 and 2014/15 stands at R1,441,265,504 (R1,4 billion) and R1,521,984,505 (R1,5 billion) respectively.

## **CAPITAL BUDGET**

It has not been an easy task for the municipality to arrive at and finalise this year's capital budget allocations. This is due to a number of factors including and not limited to the enormous backlog on services and the implementation of community projects of previous years. Other communities have since lost interest and made complete amends to development priorities made during the 2006/11 municipal term.

While the amendments made would mainly affect the municipal funded projects, many communities still don't understand the various development funding systems, sources and the regulations governing instruments such as conditional grants and donations.

The following prioritised projects have been considered for funding through our own generated income, the Municipal Infrastructure Grant as well as other Conditional Grants from various departments and parastatals.

### **1. Water**

#### ☐ Bulk Water Supply Projects

We will during this financial year deliver the: Ward 1 water supply scheme will get R2m this year and the project will be allocated another R15m annually in the two succeeding outer years. The Klipgat extensions water supply has been allocated R25m this year with provision for R5m annually in the 2013/14 and 2014/15 financial years respectively to finally give water to the people of Valboschsloot and Klipgat. The Hebron, Kgabalatsane, Itsoseng, Rockville water supply project will be undertaken at the cost of

R34m this year, R20m and R35m in 2013/14 and 2014/15 respectively while the Maboloka and Environs water supply will get funding of R5m to round off the work that is nearing completion to make the total project value of R38,5m.

The Brits purification plant designs will be allocated R9m to ensure that all our efforts to supply clean portable water to all residents of Madibeng bear fruit. The Brits purification plant will also benefit from an allocation of R5m in the new year as well as R25m and R45m in the two outer years.

The Xanadu bulk water pipe line will get R2,5m to speed up the process of supplying a consistent service to the community including those living at the low cost houses in Hartbeespoort.

The following projects have benefited from the midyear budget adjustments with the view of completing them successfully:

The Mothotlung Ext 2 bulk water pipeline with R58,657 to augment the initial budget of R2,088,804 to make R2,1m and the Xanadu bulk water pipe line being allocated R1,4m.

The refurbishment of the Letlhabile water pipe line was allocated an additional R5m from the initial R9,5m and the Maboloka & Environs allocated R6m to augment the initial budget of R27,2m.

#### ☐ Water Reticulation

The Mmakau water reticulation's initial budget of R22m was augmented with R6m to make a total of R28m. Pump stations at the following wards 13, 20, 21, 22 and 23 were replaced and or fixed at the tune of R2,7m. R5m will be spent for the refurbishment of the Department of Water Affairs network in Madibeng funded by the department. R2.1m will be spent for the rehabilitation of boreholes at wards 1, 2, 7, 8 and 34 funded by Hernic Ferrochrome.

## 2. Sanitation

An amount of R5m has been allocated for Sunway village bulk sewer line while R4m is allocated to the Letlhabile waste water treatment works upgrade this year and another R2m and R5m being provided for in the 2013/14 and 2014/15 financial years. R1,5m has been allocated to the Mothotlung waste water treatment works upgrade in the new year and another R2,5m and R2m provided for the next two outer years.

The Rietfontein waste water treatment works have been allocated an amount of R2,5m this year and another R2m in the 2013/14 financial year. The Klipgat sanitation project is given R1,5m this year as well as R4m and R2,5m in the two succeeding financial years respectively.

The Brits sewerage plant has been allocated R5m for the new year and another R4m and R25m for the 2013/14 and the 2014/15 financial years.

During our budget adjustment, we have also augmented the initial budget for the Mothotlung Ext 2 sewer pump station from R6,196,777 to R7,696,777 adding R1,5m to the sum.

VIP toilets will be erected at wards 3, 8, 25, 27, 29 and 30 at a cost of R9m in the new year and a further R6m in the succeeding year.

A treated effluent pipeline will be constructed at an amount of R120m and this will be funded by our strategic partners in Lonmin Platinum, International Ferrochrome and Amplats.

### 3. Roads and Storm water

#### ☐ Roads

The Fafung to GaRasai road has been allocated R10m for the new year and R8m annually for the 2013/14 and 2014/15 financial years respectively while the Oukasie to Elandsrand connecting road has been allocated R10m split between the 2012/13 and 2013/14 financial years.

Hon. Speaker;

The Mmakgabelwane to Jericho road which serves as a strategic link between our Northern areas with Moretele and Tshwane will benefit from the R15m allocation in the new year and further go on to receive R8m and R12m in the two outer years.

The lament of our communities has not gone unheard, to this end we have made a commitment to rid our localities of impassable roads and to confirm this we have allocated R1,5m for the new year for roads in all wards (cluster roads). We have made a further undertaking to allocate R20m and R40m for the two outer years for this exercise rounding off the total budget to R61,5m.

The Rankotea road is known to many of us as a “just a pit” where anyone with a roadworthy car would not want to drive. We have made an allocation of R30m that will be split over three financial years to address the plight of that community.

Hon. Speaker;

Ladies and Gentlemen.

I am proud to report that we have successfully completed our roads resealing projects at Damonsville, Letlhabile, Mothotlung and Oukasie. The Letlhabile Block B bus route, the Mashao road in Oukasie and the Letlhakaneng road/bridge are all nearing completion with a collective budget of R23,6m

Another resealing project to cater for wards 21, 22, 23, 29 and 30 has been allocated R4m in the new year and a further R2m in the 2013/14 financial year.

#### ☐ 3.2 Storm water

Hon. Speaker;

We come from an era where planning for African settlements was very inferior as against those of whites. Had this not being true we would not be making allocations for storm water drainages long after roads have been constructed.

My literal submission is that we are spending money to undo the work that has been done which in turn would require us to go in circles of insane spending

Given our disposition, we unfortunately have to do the necessary even when the logic thereof remains negative.

This year we will spend R5m on the Mothutlung storm water followed by another R5m in the next financial year. In Letlhabile, we will spend R5m in the New Year followed by another R5m and R10m in the two succeeding years respectively.

R30m will be split over three financial years beginning the New Year for the Oukasie storm water drainage system. The Klipgat storm water drainage system has been allocated R5m in the New Year and another R3m in the 2013/14 financial year

R3,5m will be spent on the Majakaneng storm water project in the new year and this project will also be funded by Lonmin Platinum.

#### 4. Cemeteries

A new cemetery has to be provided for the people of Oukasie. To this end an amount of R 500,000 has been allocated for preliminary work in the new year whilst amounts of R4m and R2.2m have been provided for in the two outer years.

R2.8m will be spent on the new cemetery at Majakaneng in this financial year while R5.5m is spent on the new cemetery at Letlhabile. A further R2.5m has been provided for the same cemetery in the 2013/14 financial year.

#### 5. Solid Waste

Hon. Speaker;  
Ladies and gentlemen.

Our places of residence would not be as comfortable as they are today had it not been for our efforts to upscale the municipal solid waste and refuse removal services. With the inherent growth of our localities came the need to improve the services even further.

We have hence undertaken to develop new waste sites including the northern regional landfill site for R4m in the new year as well as R10m and R9m in the two succeeding outer years.

The Oukasie waste transfer station will be built with an allocation of R2m and other waste transfer stations for wards 10,15 and 16 as well as at wards 17,18 and 19 at a cost of R3m each in the 2012/13 financial year.

#### 6. Community Halls, Libraries and Multipurpose centers & others

##### ☐ Community Halls

Allocations for preliminary work for the construction of community halls at wards 1, 17 and 25 have been made as follows:

Ward 1	R 500,000 and allocated R4,5m in the 2013/14 budget;
Ward 17	R 300,000 and allocated R4,5m in the 2013/14 budget; and
Ward 25	R 300,000 and allocated R4,5m in the 2013/14 budget.

##### ☐ Libraries

The Lethabong/Maboloka Library has been allocated R2m in the new year while the Hebron community library will get R300,000 for preliminary works and an additional R5m in the 2013/14 financial year when the actual construction takes place.

##### ☐ Multipurpose centers

The Jericho multipurpose centre has been allocated R500,000 for preliminary works in the new year and R6m in the 2013/14 financial year while the Dithabaneng multipurpose

centre is allocated R1,2m in the 2012/13 financial year and another R4,8m in the succeeding year.

The Wonderkop multipurpose centre has been allocated R500,000 for preliminary works in the new year as well as a further R6m in the 2013/14 financial year.

The Shakung multipurpose centre has been allocated R5m in the 2012/13 financial year.

☐ Others

The Damonsville upgrading of sports facility has been allocated R500,000 in the new year and R2m in the 2013/14 financial year while the Kgabalatsane sports facility is allocated R500,000 for the 2012/13 and R5m for the 2013/14 financial years respectively.

## 7. Electricity

R7.9m will be spent for the electrification of 500 stands in Segwaelane marking the second phase of the project. (Eskom Funded)

Another R79m will be spent for the electrification of 560 stands in Kgabalatsane marking the first phase of the project. (Eskom Funded)

750 stands will be electrified in Letlhabile at a cost of R4.6m in the new year.

## 8. Conclusion

Hon. Speaker;  
Ladies and gentlemen.

It is important to also indicate that we have concluded the revision of some budget policies that might negatively impact on our new budget process. These policies are presented for adoption with the proposed budget by the municipal council during this special meeting of today.

The latter policies and regulations relates to the necessary controls for financial management, Assessment rates projections, tariff increases and related activities which without, our budget would not be as credible as it is expected to be.

The Provincial Treasury evaluated the Draft Budget of the municipality and their finding is that the Budget is funded, though they questioned the progress for increases in Revenue and whether we will be able to levy debtors as estimated. With the initiative that we are taking currently, specifically the installation of meters for electricity and water we will be able to levy debtors on actual usage.

I want to thank the Mayoral Committee Members, the Municipal Manager, the CFO and other senior managers for their contributions to make this budget to work. You have spent many hours drafting, discussing and selling the budget. Thank you very much.  
The above submission concludes my presentation.

I thank you

### 3. COUNCIL RESOLUTIONS (ITEM A.0204 ) 31 MAY 2012

1. That cognizance be taken that:
  - 1.1. in respect of the 2012/2013 financial year the income and expenditure budget has a surplus of R76 000;
  - 1.2. some of the inputs from the community have not yet been considered due to late submission and, should such inputs be considered positively, the budget might be changed and approved at a later stage during the adjustment budget process.
2. That the final budget proposals by the Executive Mayor for the financial year 01 July 2012 to 30 June 2013, as contained in the Medium Term Revenue and Expenditure Forecasts for the financial years 2012/2013 to 2014/2015, be approved.
3. That Council's Medium Term Revenue and Expenditure Forecasts for the financial years 2012/2013 to 2014/2015, be adopted and be submitted to the National – and Provincial Treasuries.
4. That the proposed tariffs increase, as indicated in the Tariff policy and Tariff schedule, be approved.
5. That Heads of Department monitor the revenue of their relevant departments/section regularly, and, should they find that the estimated revenue would not be realised, advise Budget and Treasury Office department so that a budget adjustments report could be submitted timeously to Council for approval.
6. That capital expenditure to be financed from grants and other external mechanisms takes place after the funds secured have been confirmed in writing and/or received. The proposed capital budget should entirely be based on the IDP priorities in order to achieve National targets on service provision.
7. That measurable performance objectives for revenue from each source and for each vote contained in the budget presentation as determined in terms of section 24(2)(c)(iii) of the MFMA, be approved.
8. That the following budget related policies, as well as the schedule of tariffs hereto presented as the supporting documents of budget, be approved and implemented with effect from 01 July 2012:
  - ☐ Budget Policy
  - ☐ Rates Policy
  - ☐ Tariff Policy
  - ☐ Acceptance of Grants, Donations, Sponsorships and Gifts Policy
  - ☐ Cash Management and Investment Policy
  - ☐ Indigent Household Subsidy Scheme Policy
  - ☐ Credit Control and Debt Collection Policy.
9. That by-laws to give effect to the implementation of the Credit Control and Debt Collection Policy and the Rates Policy be published in terms of section 12 of the Municipal Systems Act for public comments and subsequently be submitted to Council for passing.

APPROVED

SPEAKER: CLR PB MAKHONGELA

#### 4. EXECUTIVE SUMMARY

The proposed budget of Madibeng Local municipality totals R 1, 381, 680, 000 comprising of R 1, 166, 180, 000 for Operating expenditure and R215, 500, 000 for Capital expenditure (see table 1 below). Operating budget and R 5, 500, 000 of the capital budget will be funded from own operating revenue and grants and subsidy to the tune of R 210, 000, 000.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2012/13 Medium term Revenue and Expenditure Framework:

**Table 1.Consolidated Overview of the 2012/2013 MTREF**

DESCRIPTION	ESTIMATED BUDGET 2012/2013	ESTIMATED BUDGET 2013/2014	ESTIMATED BUDGET 2014/2015
	R	R	R
Operating Revenue	1 166 256 000	1 232 109 000	1 304 062 000
Operating Expenditure	1 166 180 000	1 227 886 000	1 293 638 000
Surplus/Deficit	76 000	4 223 000	10 425 000
Capital Budget	210 500 000	218 600 000	229 200 000
<b>Total Expenditure Budget</b>	<b>1 376 680 000</b>	<b>1 446 486 000</b>	<b>1 522 838 000</b>

#### 5. OPERATING REVENUE FRAMEWORK

Madibeng Local Municipality continues improving the quality of services provided to its residents it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in Madibeng Local Municipality and continued economic development;
- Efficient revenue management, which aims to eventually achieve a 95percent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;



- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA).
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of Madibeng Local Municipality.
- Electricity meter will be installed to guard against tempering or illegal connections;
- New water meter to be installed to restrict high usage of unbilled water and to avoid water losses;
- Service providers has been appointed for Data cleansing, the exercise will assist the municipality to ensure that the accounts are sent with the correct information such as stand number and consumer account number;
- Capacitating the credit control unit will assist the unit to function appropriately.
- Monthly revenue targets will be set and will be monitored closely to ensure that revenue estimated is generated.

The following increase in tariffs for the basic services and other services for 2012/2013 financial year are proposed

**Table 1**

Services	Current	New
	2011/2012	2012/2013
<b>Property rates</b>	<b>6.08</b>	<b>0%</b>
<b>Water</b>	<b>14.1%</b>	<b>20%</b>
<b>Electricity</b>	<b>20.38%</b>	<b>16.5%</b>
<b>Sewer/Sanitation</b>	<b>6.08</b>	<b>7%</b>
<b>Refuse Removal</b>	<b>6.08</b>	<b>20%</b>
<b>Other Services</b>	<b>6.08</b>	<b>7%</b>

The following table is a summary of the 2012/13 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description	2012/13 Medium Term Revenue & Expenditure Framework		
	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>			
<b>Revenue By Source</b>			
Property rates	217 000	229 152	241 526
Service charges electricity revenue	373 000	393 888	415 158
Service charges water revenue	115 100	121 546	128 109
Service charges sanitation revenue	43 000	45 408	47 860
Service charges refuse revenue	25 000	26 400	27 826
Service charges other	36 000	38 016	40 069
Rental of facilities and equipment	822	868	915
Interest earned external investments	7 140	7 540	7 947
Interest earned outstanding debtors	50 000	52 800	55 651
Dividends received	10	11	11
Fines	2 505	2 645	2 788
Licences and permits	3 502	3 698	3 898

Description	2012/13 Medium Term Revenue & Expenditure Framework		
	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>			
Agency services	3 000	3 168	3 339
Grants and subsidies	289 843	306 617	328 594
Other revenue	39 314	41 515	43 757
Gains on disposal of PPE	5 000	5 280	5 565
Less Revenue Foregone	(43 980)	(46 443)	(48 951)
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 166 256</b>	<b>1 232 109</b>	<b>1 304 062</b>

The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Operating grants and transfers totals R 289,8m in the 2012/13, R 306,6m in the 2013/14 and R 328,5m in the 2014/15 financial year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 3 Operating Transfers and Grant Receipts**

GRANTS & SUBSIDIES RECEIVED OPERATING	Budget 2012/13	Budget 2013/14	Budget 2014/15
FINANCE: EQUITABLE SHARE	273 733 000	293 205 000	315 018 000
FINANCE: MANAGEMENT GRANT	1 500 000	1 500 000	1 500 000
FINANCE: SYSTEM IMPROVE	800 000	900 000	950 000
FIRE SERVICE GRANT	0	3 200 000	0
HR: SETA	2 000 000	2 112 000	2 226 048
LIBRARY NWPG C/BUILDING GRANT	400 000	400 000	400 000
PMU: MANAGEMENT GRANT MIG	3 500 000	3 500 000	3 500 000
WATER: DORA GRANTS	7 910 000	5 000 000	5 000 000
<b>SUBTOTAL GRANTS &amp; SUBS OPERATING</b>	<b>289 843 000</b>	<b>309 817 000</b>	<b>328 594 048</b>

## 6 . OPERATING EXPENDITURE FRAMEWORK

Madibeng Local Municipality's expenditure framework for the 2012/13 budget and MTREF is informed by the following:

- Repairs and maintenance backlogs;
- Balancing the budget (operating expenditure should not exceed operating revenue unless there are existing uncommitted cash-backed reserves to fund any deficit);
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme and backlog eradication; and
- Funding the capital budget and other core services by operational gains and efficiencies.

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

**Table 4 Summary of operating expenditure by standard classification item**

Description	Budget 2012/13	Budget 2013/14	Budget 2014/15
EMPLOYEE RELATED COSTS	225 203 700	237 815 107	250 657 123
REMUNERATION COUNCILORS	24 400 000	25 766 400	27 157 786
BAD DEBT PROVISION	190 000 000	200 640 000	211 474 560
DEPRECIATION	40 395 500	42 657 648	44 961 161
REPAIRS & MAINTENANCE	46 455 500	49 057 008	51 706 086
INTEREST - EXTERNAL BORROWINGS	38 000 000	40 128 000	42 294 912
BULK PURCHASES	400 054 000	422 457 024	445 269 703
CONTRACTED SERVICES	83 410 000	84 728 000	89 033 312
GENERAL EXPENSES - OTHER	99 794 000	105 135 264	110 529 046
INTERNAL CONSUMPTION	17 675 000	18 664 800	19 672 699
LEAVE PROVISION	792 000	836 352	881 515
<b>TOTAL OPERATING EXPENDITURE</b>	<b>1 166 179 700</b>	<b>1 227 885 603</b>	<b>1 293 637 903</b>

The budgeted allocation for employee related costs for the 2012/13 financial year totals R225m, which equals 19% of the total operating expenditure. While waiting for a multi-year collective agreement, salary increases have been budgeted at a rate of 6.5% for the 2012/13 financial year. The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

The provision of debt impairment for the 2012/13 financial year amount to R40,3m and. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been accounted for in the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Included in this cost component is the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals.

## 7. CAPITAL EXPENDITURE

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 5 2012/13 Medium-term capital budget per vote**

	BUDGET 2012/13	BUDGET 2013/14	Budget 2014/15
<b>FUNDING SOURCES</b>			
MIG	196 400 000	216 600 000	229 200 000
EPWP	4 000 000	2 000 000	
INEP	4 600 000		
INTERNAL	5 500 000		
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>210 500 000</b>	<b>218 600 000</b>	<b>229 200 000</b>

## 8. ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The budget schedule contains the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page. Budget schedules is attached as “**Annexure 1B**”

### (Table A1) - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of Madibeng Local Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected in the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing in the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing in the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations were not cash-backed. This has placed the municipality in a very vulnerable financial position. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Description  R thousands	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Financial Performance</b>										
Property rates	96 951	114 581	117 408	174 900	191 900	146 238	117 953	173 020	182 709	192 575
Service charges	236 225	263 486	236 255	458 000	498 000	447 330	320 527	592 100	625 258	659 022
Investment revenue	38 111	5 709	–	7 675	7 675	6 779	36 010	7 140	7 540	7 947
Transfers recognised - operational	–	169 607	0	259 200	259 200	257 945	248 497	289 843	306 617	328 594
Other own revenue	218 594	80 143	236 415	42 498	59 303	75 531	7 139	104 153	109 985	115 924
<b>Total Revenue (excluding capital transfers and contributions)</b>	589 882	633 526	590 078	942 273	1 016 078	933 822	730 126	1 166 256	1 232 109	1 304 062
Employee costs	161 511	187 196	222 470	211 365	212 258	220 023	135 936	225 204	237 815	250 657
Remuneration of councillors	13 732	14 459	–	18 784	21 538	18 663	–	24 400	25 766	27 158
Depreciation & asset impairment	37 587	25 511	36 000	40 000	40 000	27 199	25 311	40 396	42 658	44 961
Finance charges	51 869	16 784	–	53 600	53 600	–	–	38 000	40 128	42 295
Materials and bulk purchases	141 136	198 223	201 354	328 962	317 725	330 077	259 295	400 060	422 463	445 276
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	419 697	136 101	282 971	289 504	370 916	111 387	74 436	438 121	459 055	483 291
<b>Total Expenditure</b>	825 531	578 274	742 795	942 215	1 016 037	707 347	494 979	1 166 180	1 227 886	1 293 638
<b>Surplus/(Deficit)</b>	(235 650)	55 252	(152 717)	59	41	226 475	235 147	76	4 223	10 425
Transfers recognised - capital	–	–	–	–	–	–	–	–	–	–
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	(235 650)	55 252	(152 717)	59	41	226 475	235 147	76	4 223	10 425
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	(235 650)	55 252	(152 717)	59	41	226 475	235 147	76	4 223	10 425
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	133 440	120 540	216 006	284 250	400 629	400 629	107 390	210 500	218 600	229 200
Transfers recognised - capital	98 378	115 995	184 151	232 650	329 631	329 631	105 878	205 000	218 600	229 200
Public contributions & donations	–	–	–	1 500	–	–	–	–	–	–
Borrowing	5 000	–	–	–	–	–	–	–	–	–
Internally generated funds	30 062	4 545	31 855	50 100	70 998	70 998	1 512	5 500	–	–
<b>Total sources of capital funds</b>	133 440	120 540	216 006	284 250	400 629	400 629	107 390	210 500	218 600	229 200
<b>Financial position</b>										
Total current assets	146 853	182 907	179 650	319 500	319 500	419 500	599 129	462 533	388 015	410 856
Total non current assets	1 444 053	1 499 202	1 562 000	1 675 000	1 675 000	1 675 000	1 596 112	1 646 408	1 736 755	1 830 777
Total current liabilities	655 146	757 158	748 000	605 000	605 000	705 000	90 489	67 000	56 050	44 630
Total non current liabilities	101 690	98 676	98 100	90 120	90 120	90 120	500 450	541 000	546 055	551 113
Community wealth/Equity	834 070	826 276	895 550	380	1 299 380	1 299 380	1 604 301	1 500 941	1 522 665	1 645 889
<b>Cash flows</b>										
Net cash from (used) operating	205 847	84 126	97 500	(152 500)	(152 500)	(75 165)	133 507	66 659	6 203	17 918
Net cash from (used) investing	(114 388)	(93 880)	90 000	90 000	90 000	639	(53 651)	25 000	26 380	27 826
Net cash from (used) financing	(49 773)	55 347	(60 000)	60 000	60 000	58 399	(50 902)	(48 500)	(51 168)	(53 982)
<b>Cash/cash equivalents at the year end</b>	12 106	57 699	185 199	21 105	21 105	83 531	52 559	53 159	34 575	26 336
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	56 900	105 879	100 150	220 000	220 000	320 000	423 860	277 941	193 065	203 684
Application of cash and investments	17 955	52 122	86 255	(10 805)	8 685	(14 444)	(113 909)	(157 677)	(179 100)	(201 150)
<b>Balance - surplus (shortfall)</b>	38 945	53 756	13 895	230 805	211 315	334 444	537 769	435 618	372 165	404 834
<b>Asset management</b>										
Asset register summary (WDV)	–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment	37 587	25 511	36 000	40 000	40 000	27 199	40 396	40 396	42 658	44 961
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	–	–	–	–	–	–	–	–	–	–
<b>Free services</b>										
Cost of Free Basic Services provided	10 407	9 154	10 254	10 635	10 635	10 635	21 287	21 287	22 479	23 693
Revenue cost of free services provided	10 407	32 774	38 874	40 335	40 335	40 335	30 887	30 887	32 616	34 378
<b>Households below minimum service level</b>										
Water:	18	18	25	30	30	30	40	40	45	50
Sanitation/sewerage:	40	40	47	50	50	50	50	50	50	50
Energy:	24	27	39	45	45	45	30	30	35	40
Refuse:	–	29	29	29	29	29	29	29	29	29

**(Table A2) - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue in this table excludes capital revenues and therefore will not balance to the operating revenue which includes capital transfers shown in Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case, because the equitable share is not included in the revenue of the services. As already noted above, the tariffs of Madibeng Local Municipality is not cost reflective.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and Treasury office.

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue - Standard</b>										
<b>Governance and administration</b>		<b>356 003</b>	<b>334 992</b>	<b>346 656</b>	<b>456 989</b>	<b>490 994</b>	<b>454 008</b>	<b>554 233</b>	<b>589 188</b>	<b>626 716</b>
Executive and council		3 500	3 500	3 500	3 500	3 500	3 500	3 500	3 500	3 500
Budget and treasury office		264 262	202 417	218 980	270 024	270 029	449 793	548 701	583 542	620 954
Corporate services		88 241	129 075	124 176	183 465	217 465	715	2 032	2 146	2 262
<b>Community and public safety</b>		<b>17 744</b>	<b>28 104</b>	<b>500</b>	<b>4 145</b>	<b>3 947</b>	<b>7 656</b>	<b>8 227</b>	<b>8 666</b>	<b>9 112</b>
Community and social services		3 025	1 976	500	1 888	1 690	2 170	2 205	2 306	2 409
Sport and recreation		—	—	—	—	—	16	22	24	25
Public safety		14 719	4 127	—	2 257	2 257	5 470	6 000	6 336	6 678
Housing		—	22 000	—	—	—	—	—	—	—
Health		—	0	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		<b>7 032</b>	<b>4 197</b>	<b>848</b>	<b>11 875</b>	<b>11 875</b>	<b>2 812</b>	<b>4 124</b>	<b>4 355</b>	<b>4 590</b>
Planning and development		1 215	1 072	—	1 039	1 039	912	1 124	1 187	1 251
Road transport		5 817	3 125	848	10 836	10 836	1 899	3 000	3 168	3 339
Environmental protection		—	—	—	—	—	—	—	—	—
<b>Trading services</b>		<b>208 838</b>	<b>266 228</b>	<b>242 074</b>	<b>469 237</b>	<b>509 237</b>	<b>469 343</b>	<b>599 669</b>	<b>629 897</b>	<b>663 641</b>
Electricity		132 921	201 159	171 738	300 630	315 630	342 969	399 797	422 186	444 984
Water		41 866	31 813	37 007	96 561	121 561	63 755	125 791	129 482	136 204
Waste water management		18 216	17 999	17 909	47 016	47 016	36 294	43 071	45 483	47 939
Waste management		15 834	15 257	15 421	25 030	25 030	26 326	31 010	32 747	34 515
<b>Other</b>	<b>4</b>	<b>264</b>	<b>5</b>	<b>—</b>	<b>28</b>	<b>26</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Total Revenue - Standard</b>	<b>2</b>	<b>589 882</b>	<b>633 526</b>	<b>590 078</b>	<b>942 273</b>	<b>1 016 078</b>	<b>933 822</b>	<b>1 166 256</b>	<b>1 232 109</b>	<b>1 304 062</b>
<b>Expenditure - Standard</b>	<b>-</b>									
<b>Governance and administration</b>		<b>400 055</b>	<b>164 030</b>	<b>292 954</b>	<b>387 433</b>	<b>447 628</b>	<b>125 385</b>	<b>421 291</b>	<b>444 658</b>	<b>468 408</b>
Executive and council		39 290	39 374	38 132	39 890	48 575	47 332	65 760	69 247	72 797
Budget and treasury office		321 702	85 393	227 140	302 577	345 677	40 246	302 595	319 511	336 692
Corporate services		39 063	39 263	27 683	44 966	53 376	37 806	52 936	55 900	58 919
<b>Community and public safety</b>		<b>100 937</b>	<b>81 623</b>	<b>58 586</b>	<b>95 258</b>	<b>102 621</b>	<b>83 259</b>	<b>90 459</b>	<b>95 503</b>	<b>100 638</b>
Community and social services		25 020	19 060	7 319	41 905	44 843	23 779	26 720	28 194	29 695
Sport and recreation		10 668	7 189	7 456	10 619	11 254	10 391	12 738	13 451	14 178
Public safety		57 970	47 259	36 883	34 368	38 158	41 006	41 634	43 966	46 340
Housing		—	—	—	—	—	—	—	—	—
Health		7 279	8 115	6 928	8 365	8 365	8 083	9 367	9 891	10 425
<b>Economic and environmental services</b>		<b>57 700</b>	<b>52 558</b>	<b>46 361</b>	<b>33 075</b>	<b>39 195</b>	<b>51 666</b>	<b>78 421</b>	<b>82 812</b>	<b>87 284</b>
Planning and development		14 018	20 823	15 719	14 756	19 826	19 352	32 380	34 193	36 039
Road transport		41 892	29 742	20 856	16 590	17 640	32 314	46 041	48 619	51 245
Environmental protection		1 790	1 993	9 786	1 729	1 729	—	—	—	—
<b>Trading services</b>		<b>264 034</b>	<b>277 462</b>	<b>333 580</b>	<b>423 251</b>	<b>423 251</b>	<b>444 409</b>	<b>570 591</b>	<b>599 191</b>	<b>631 277</b>
Electricity		144 944	168 990	196 372	303 999	303 999	339 019	345 010	364 331	384 004
Water		74 093	69 770	108 829	84 771	84 771	60 838	169 406	175 540	184 749
Waste water management		12 038	10 813	6 858	4 693	4 693	11 035	20 089	21 214	22 360
Waste management		32 960	27 889	21 521	29 789	29 789	33 518	36 085	38 106	40 164
<b>Other</b>	<b>4</b>	<b>2 806</b>	<b>2 601</b>	<b>11 315</b>	<b>3 197</b>	<b>3 342</b>	<b>2 628</b>	<b>5 419</b>	<b>5 722</b>	<b>6 031</b>
<b>Total Expenditure - Standard</b>	<b>3</b>	<b>825 531</b>	<b>578 274</b>	<b>742 795</b>	<b>942 214</b>	<b>1 016 037</b>	<b>707 347</b>	<b>1 166 180</b>	<b>1 227 886</b>	<b>1 293 638</b>
<b>Surplus/(Deficit) for the year</b>		<b>(235 650)</b>	<b>55 252</b>	<b>(152 717)</b>	<b>59</b>	<b>41</b>	<b>226 475</b>	<b>76</b>	<b>4 223</b>	<b>10 425</b>

**(Table A3) - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description  R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue by Vote</b>	1									
Vote 1 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–	–	–
Vote 2 - MUNICIPAL MANAGER		3 500	3 500	3 500	3 500	3 500	3 500	3 500	3 500	3 500
Vote 3 - CORPORATE SUPPORT SERVICES		772	848	848	1 000	1 000	715	2 032	2 146	2 262
Vote 4 - BUDGET & TREASURY OFFICE		351 733	330 644	342 308	452 490	486 295	449 793	548 701	583 542	620 954
Vote 5 - INFRASTRUCTURE & TECHNICAL SERV		194 691	251 837	242 922	444 207	484 207	443 018	568 659	597 150	629 127
Vote 6 - COMMUNITY SERVICES		37 707	23 621	500	39 980	39 980	35 984	42 389	44 741	47 135
Vote 7 - ECONOMIC DEVELOPMENT & PLANNING		1 479	23 077	–	1 097	1 097	812	975	1 030	1 085
<b>Total Revenue by Vote</b>	2	<b>589 882</b>	<b>633 526</b>	<b>590 078</b>	<b>942 273</b>	<b>1 016 078</b>	<b>933 822</b>	<b>1 166 256</b>	<b>1 232 109</b>	<b>1 304 062</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - EXECUTIVE AND COUNCIL		28 641	28 442	25 899	25 859	26 009	31 617	41 926	44 274	46 665
Vote 2 - MUNICIPAL MANAGER		10 649	10 932	12 233	14 031	22 654	15 715	23 834	24 973	26 132
Vote 3 - CORPORATE SUPPORT SERVICES		35 677	36 974	28 367	44 966	53 376	37 806	52 936	55 900	58 919
Vote 4 - BUDGET & TREASURY OFFICE		321 702	85 393	228 137	302 577	345 677	40 247	302 595	319 511	336 692
Vote 5 - INFRASTRUCTURE & TECHNICAL SERVI		274 542	278 207	328 647	405 060	406 110	439 706	577 048	606 010	638 464
Vote 6 - COMMUNITY SERVICES		121 799	106 689	95 406	131 769	139 044	120 277	130 043	137 303	144 695
Vote 7 - ECONOMIC DEVELOPMENT & PLANNING		32 522	31 637	24 107	17 953	23 168	21 979	37 798	39 915	42 071
<b>Total Expenditure by Vote</b>	2	<b>825 531</b>	<b>578 274</b>	<b>742 795</b>	<b>942 214</b>	<b>1 016 037</b>	<b>707 347</b>	<b>1 166 180</b>	<b>1 227 886</b>	<b>1 293 638</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>(235 650)</b>	<b>55 252</b>	<b>(152 717)</b>	<b>59</b>	<b>41</b>	<b>226 475</b>	<b>76</b>	<b>4 223</b>	<b>10 425</b>

**(Table A4) - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R413,5m in 2012/13. Revenue to be generated from property rates is R44.4m in the 2011/12 financial year and decreases to R42.1m by 2013/14. Tariff increases have been factored in at 5% for each of the respective financial years of the MTREF.
2. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue base of the Madibeng Local Municipality totalling R233m for the 2011/12 financial year and increasing to R271m by 2012/13. This growth can mainly be attributed to the increase in tariffs in order to move to cost reflective tariffs.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing steadily over the MTREF by 19.7%..
4. Bulk purchases have significantly increased over the 2011/12 to 2012/13 period escalating from R152m to R164m. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
5. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	96 951	114 581	117 408	174 900	191 900	146 238	117 953	173 020	182 709	192 575
Property rates - penalties & collection charges		—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue	2	165 333	201 159	171 738	300 000	315 000	331 380	242 274	373 000	393 888	415 158
Service charges - water revenue	2	29 790	31 813	31 188	92 000	117 000	57 762	50 993	115 100	121 546	128 109
Service charges - sanitation revenue	2	21 037	15 257	17 909	47 000	47 000	36 272	—	43 000	45 408	47 860
Service charges - refuse revenue	2	17 895	15 257	15 421	19 000	19 000	21 916	27 260	25 000	26 400	27 826
Service charges - other		2 170			—	—	—	—	36 000	38 016	40 069
Rental of facilities and equipment		6 892	865		903	705	490	476	822	868	915
Interest earned - external investments		38 111	5 709		7 675	7 675	6 779	36 010	7 140	7 540	7 947
Interest earned - outstanding debtors			6 021		20 000	32 000	41 943	—	50 000	52 800	55 651
Dividends received		1 207	13		10	10		—	10	11	11
Fines		5 817	571		758	758	1 921	1 192	2 505	2 645	2 788
Licences and permits		7 315	3 125		2 506	2 506	3 554	2 454	3 502	3 698	3 898
Agency services		159 873	3 557		8 000	8 000	1 899	—	3 000	3 168	3 339
Transfers recognised - operational			169 607	0	259 200	259 200	257 945	248 497	289 843	306 617	328 594
Other revenue	2	37 490	65 991	236 415	10 322	10 325	20 551	—	39 314	41 515	43 757
Gains on disposal of PPE		—	—	—	—	5 000	5 172	3 017	5 000	5 280	5 565
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>589 882</b>	<b>633 526</b>	<b>590 078</b>	<b>942 273</b>	<b>1 016 078</b>	<b>933 822</b>	<b>730 126</b>	<b>1 166 256</b>	<b>1 232 109</b>	<b>1 304 062</b>
<b>Expenditure By Type</b>											
Employee related costs	2	161 511	187 196	222 470	211 365	212 258	220 023	135 936	225 204	237 815	250 657
Remuneration of councillors		13 732	14 459		18 784	21 538	18 663		24 400	25 766	27 158
Debt impairment	3	37 587	25 511		132 000	170 140			190 000	200 640	211 475
Depreciation & asset impairment	2	37 587	25 511	36 000	40 000	40 000	27 199	25 311	40 396	42 658	44 961
Finance charges		51 869	16 784		53 600	53 600			38 000	40 128	42 295
Bulk purchases	2	141 136	198 223	201 354	328 962	317 725	330 077	259 295	400 060	422 463	445 276
Other materials	8				—	—		—	—	—	—
Contracted services		68 881	40 051	35 277	48 019	60 940	31 202	27 239	83 410	84 728	89 033
Transfers and grants		—	—	—	—	—	—	—	—	—	—
Other expenditure	4, 5	313 230	70 539	247 694	109 485	139 836	80 185	47 197	164 711	173 687	182 783
Loss on disposal of PPE		—	—	—	—	—	—	—	—	—	—
<b>Total Expenditure</b>		<b>825 531</b>	<b>578 274</b>	<b>742 795</b>	<b>942 215</b>	<b>1 016 037</b>	<b>707 347</b>	<b>494 979</b>	<b>1 166 180</b>	<b>1 227 886</b>	<b>1 293 638</b>
<b>Surplus/(Deficit)</b>		<b>(235 650)</b>	<b>55 252</b>	<b>(152 717)</b>	<b>59</b>	<b>41</b>	<b>226 475</b>	<b>235 147</b>	<b>76</b>	<b>4 223</b>	<b>10 425</b>
Transfers recognised - capital	6	—	—	—	—	—	—	—	—	—	—
Contributions recognised - capital		—	—	—	—	—	—	—	—	—	—
Contributed assets		—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(235 650)</b>	<b>55 252</b>	<b>(152 717)</b>	<b>59</b>	<b>41</b>	<b>226 475</b>	<b>235 147</b>	<b>76</b>	<b>4 223</b>	<b>10 425</b>
Taxation		—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after taxation</b>		<b>(235 650)</b>	<b>55 252</b>	<b>(152 717)</b>	<b>59</b>	<b>41</b>	<b>226 475</b>	<b>235 147</b>	<b>76</b>	<b>4 223</b>	<b>10 425</b>
Attributable to minorities		—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(235 650)</b>	<b>55 252</b>	<b>(152 717)</b>	<b>59</b>	<b>41</b>	<b>226 475</b>	<b>235 147</b>	<b>76</b>	<b>4 223</b>	<b>10 425</b>
Share of surplus/ (deficit) of associate	7	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) for the year</b>		<b>(235 650)</b>	<b>55 252</b>	<b>(152 717)</b>	<b>59</b>	<b>41</b>	<b>226 475</b>	<b>235 147</b>	<b>76</b>	<b>4 223</b>	<b>10 425</b>

**(Table A5) - Budgeted Capital Expenditure by vote, standard classification and funding source**

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2012/13 R62.8m has been allocated. The



allocation for the two outer years are R50m in 2013/14 and then flattens out to R50m in 2014/15 owing primarily to the fact that various projects reach completion in.

Vote Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>											
Vote 1 - EXECUTIVE AND COUNCIL	2	—	—	—	—	—	—	—	—	—	—
Vote 2 - MUNICIPAL MANAGER		—	—	—	—	—	—	—	—	—	—
Vote 3 - CORPORATE SUPPORT SERVICES		—	—	800	—	—	—	—	—	—	—
Vote 4 - BUDGET & TREASURY OFFICE		1 770	31 500	980	—	980	980	—	—	—	—
Vote 5 - INFRASTRUCTURE & TECHNICAL SERVICES		98 647	75 936	178 375	261 050	351 085	351 085	87 171	182 100	149 500	208 000
Vote 6 - COMMUNITY SERVICES		32 517	13 104	30 211	23 200	43 070	43 070	20 219	28 400	69 100	21 200
Vote 7 - ECONOMIC DEVELOPMENT & PLANNING		506	—	5 640	—	5 494	5 494	—	—	—	—
<b>Capital multi-year expenditure sub-total</b>	7	133 440	120 540	216 006	284 250	400 629	400 629	107 390	210 500	218 600	229 200
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		1 770	31 500	1 780	—	980	980	—	—	—	—
Executive and council		—	—	—	—	—	—	—	—	—	—
Budget and treasury office		1 770	31 500	980	—	980	980	—	—	—	—
Corporate services		—	—	800	—	—	—	—	—	—	—
<b>Community and public safety</b>		21 757	9 581	30 211	23 200	15 332	15 332	1 736	18 400	59 100	12 200
Community and social services		13 986	7 065	11 350	18 000	—	—	—	—	—	—
Sport and recreation		6 245	2 516	13 381	5 200	8 904	8 904	1 736	18 400	59 100	12 200
Public safety		1 525	—	5 480	—	6 428	6 428	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		22 948	13 942	59 038	93 825	149 788	149 788	31 076	74 500	74 000	91 000
Planning and development		506	—	5 640	—	5 494	5 494	—	—	—	—
Road transport		22 442	13 942	53 398	93 825	144 294	144 294	31 076	74 500	74 000	91 000
Environmental protection		—	—	—	—	—	—	—	—	—	—
<b>Trading services</b>		86 965	65 517	124 977	167 225	234 528	234 528	74 578	117 600	85 500	126 000
Electricity		15 710	6 133	27 715	23 225	36 740	36 740	—	7 600	1 000	30 000
Water		48 828	51 664	74 630	144 000	170 050	170 050	56 095	80 500	60 000	50 000
Waste water management		11 667	4 196	—	—	27 738	27 738	18 483	19 500	14 500	37 000
Waste management		10 760	3 523	22 632	—	—	—	—	10 000	10 000	9 000
<b>Other</b>		—	—	—	—	—	—	—	—	—	—
<b>Total Capital Expenditure - Standard</b>	3	133 440	120 540	216 006	284 250	400 629	400 629	107 390	210 500	218 600	229 200
<b>Funded by:</b>											
National Government		97 331	111 050	148 612	227 650	289 509	289 509	105 878	205 000	218 600	229 200
Provincial Government		500	500	2 640	5 000	2 621	2 621	—	—	—	—
District Municipality		547	4 445	4 648	—	—	—	—	—	—	—
Other transfers and grants		—	—	28 251	—	37 501	37 501	—	—	—	—
<b>Transfers recognised - capital</b>	4	98 378	115 995	184 151	232 650	329 631	329 631	105 878	205 000	218 600	229 200
<b>Public contributions &amp; donations</b>	5	—	—	—	1 500	—	—	—	—	—	—
<b>Borrowing</b>	6	5 000	—	—	—	—	—	—	—	—	—
<b>Internally generated funds</b>		30 062	4 545	31 855	50 100	70 998	70 998	1 512	5 500	—	—
<b>Total Capital Funding</b>	7	133 440	120 540	216 006	284 250	400 629	400 629	107 390	210 500	218 600	229 200

**(Table A6) - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth or Equity. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, and appears first.

3. Table 23 provides a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators.

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		13 733	58 268	50 000	60 000	60 000	160 000	195 840	50 000	52 750	55 651
Call investment deposits	1	139	159	150	100 000	100 000	100 000	180 000	189 533	100 000	107 000
Consumer debtors	1	126 072	114 796	120 000	150 000	150 000	150 000	208 961	210 000	221 550	233 735
Other debtors		2 752	2 550	2 500	2 500	2 500	2 500	6 986	7 000	7 385	7 791
Current portion of long-term receivables		-	2 350	2 000	2 000	2 000	2 000	2 000	-	-	-
Inventory	2	4 158	4 783	5 000	5 000	5 000	5 000	5 342	6 000	6 330	6 678
<b>Total current assets</b>		<b>146 853</b>	<b>182 907</b>	<b>179 650</b>	<b>319 500</b>	<b>319 500</b>	<b>419 500</b>	<b>599 129</b>	<b>462 533</b>	<b>388 015</b>	<b>410 856</b>
<b>Non current assets</b>											
Long-term receivables		12 445	12 596	12 000	15 000	15 000	15 000	-	-	-	-
Investments		44 656	48 020	50 000	60 000	60 000	60 000	48 020	38 408	40 315	41 032
Investment property		-	-	-	-	-	-	-	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	1 386 952	1 438 586	1 500 000	1 600 000	1 600 000	1 600 000	1 548 091	1 608 000	1 696 440	1 789 744
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		-	-	-	-	-	-	-	-	-	-
Other non-current assets		-	-	-	-	-	-	-	-	-	-
<b>Total non current assets</b>		<b>1 444 053</b>	<b>1 499 202</b>	<b>1 562 000</b>	<b>1 675 000</b>	<b>1 675 000</b>	<b>1 675 000</b>	<b>1 596 112</b>	<b>1 646 408</b>	<b>1 736 755</b>	<b>1 830 777</b>
<b>TOTAL ASSETS</b>		<b>1 590 907</b>	<b>1 682 109</b>	<b>1 741 650</b>	<b>1 994 500</b>	<b>1 994 500</b>	<b>2 094 500</b>	<b>2 195 241</b>	<b>2 108 941</b>	<b>2 124 770</b>	<b>2 241 632</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	-	1 627	569	-	-	-	-	-	-	-	-
Borrowing	4	404 722	459 973	460 000	400 000	400 000	500 000	6 790	7 000	5 500	3 500
Consumer deposits		7 720	8 109	8 000	5 000	5 000	5 000	10 699	10 000	10 550	11 130
Trade and other payables	4	241 077	288 506	280 000	200 000	200 000	200 000	73 000	50 000	40 000	30 000
Provisions		-	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>		<b>655 146</b>	<b>757 158</b>	<b>748 000</b>	<b>605 000</b>	<b>605 000</b>	<b>705 000</b>	<b>90 489</b>	<b>67 000</b>	<b>56 050</b>	<b>44 630</b>
<b>Non current liabilities</b>											
Borrowing		101 690	98 676	98 100	90 120	90 120	90 120	500 450	541 000	546 055	551 113
Provisions		-	-	-	-	-	-	-	-	-	-
<b>Total non current liabilities</b>		<b>101 690</b>	<b>98 676</b>	<b>98 100</b>	<b>90 120</b>	<b>90 120</b>	<b>90 120</b>	<b>500 450</b>	<b>541 000</b>	<b>546 055</b>	<b>551 113</b>
<b>TOTAL LIABILITIES</b>		<b>756 837</b>	<b>855 834</b>	<b>846 100</b>	<b>695 120</b>	<b>695 120</b>	<b>795 120</b>	<b>590 940</b>	<b>608 000</b>	<b>602 105</b>	<b>595 743</b>
<b>NET ASSETS</b>	5	<b>834 070</b>	<b>826 276</b>	<b>895 550</b>	<b>1 299 380</b>	<b>1 299 380</b>	<b>1 299 380</b>	<b>1 604 301</b>	<b>1 500 941</b>	<b>1 522 665</b>	<b>1 645 889</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		23 061	(30 866)	25 550	429 380	429 380	429 380	730 595	620 941	594 265	666 427
Reserves	4	811 009	857 142	870 000	870 000	870 000	870 000	873 706	880 000	928 400	979 462
Minorities' interests		-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>834 070</b>	<b>826 276</b>	<b>895 550</b>	<b>1 299 380</b>	<b>1 299 380</b>	<b>1 299 380</b>	<b>1 604 301</b>	<b>1 500 941</b>	<b>1 522 665</b>	<b>1 645 889</b>

**(Table A8) - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2011/12 MTREF was funded owing to the significant surplus.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2012/13 MTREF the end objective of the medium term framework was to ensure the budget is funded in alignment to section 18 of the MFMA.

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	12	57	185	21	21	83	52	53	34	26
Other current investments > 90 days		106	699	199	105	105	531	559	159	575	336
Noncurrent assets - Investments	1	139	159	(135)	138	138	176	323	186	118	136
		44	48	049	895	895	469	281	374	175	315
		656	020	50	60	60	60	48	38	40	41
				000	000	000	000	020	408	315	032
<b>Cash and investments available:</b>		<b>56 900</b>	<b>105 879</b>	<b>100 150</b>	<b>220 000</b>	<b>220 000</b>	<b>320 000</b>	<b>423 860</b>	<b>277 941</b>	<b>193 065</b>	<b>203 684</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		–	–	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	17	52	86	(10)	8	(14)	(113)	(157)	(179)	(201)
Other provisions		955	122	255	805	685	444	909	677	100	150
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>17 955</b>	<b>52 122</b>	<b>86 255</b>	<b>(10 805)</b>	<b>8 685</b>	<b>(14 444)</b>	<b>(113 909)</b>	<b>(157 677)</b>	<b>(179 100)</b>	<b>(201 150)</b>
<b>Surplus(shortfall)</b>		<b>38 945</b>	<b>53 756</b>	<b>13 895</b>	<b>230 805</b>	<b>211 315</b>	<b>334 444</b>	<b>537 769</b>	<b>435 618</b>	<b>372 165</b>	<b>404 834</b>

Other working capital requirements

Debtors	198	236	193	210	191	214	178	207	219	231
	546	384	745	805	315	444	909	677	100	150
Creditors due	216	288	280	200	200	200	65	50	40	30
	501	506	000	000	000	000	000	000	000	000
Total	(17)	(52)	(86)	10	(8)	14	113	157	179	201
	955	122	255	805	685	444	909	677	100	150

Debtors collection assumptions

Balance outstanding - debtors	141	129	134	167	167	167	215	217	228	241
Estimate of debtors collection rate	269	943	500	500	500	500	947	000	935	526
	141%	182%	144%	126%	114%	128%	83%	96%	96%	96%

Long term investments committed

Balance (Insert description; eg sinking fund)

Reserves to be backed by cash/investments

Housing Development Fund  
Capital replacement  
Self-insurance

	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–

(Table A10) - Basic service delivery measurement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		54	54	62	71	71	71	75	80 000	90 000
Piped water inside yard (but not in dwelling)		29	33	47	50	50	50	55	60 000	65 000
Using public tap (at least min.service level)	2	18	18	25	30	30	30	35	35 000	35 000
Other water supply (at least min.service level)										
<i>Minimum Service Level and Above sub-total</i>	4	100 000	103 500	132 500	149 500	149 500	149 500	165 000	175 000	190 000
Using public tap (< min.service level)	3	18	18	25	30	30	30	40 000	45 000	50 000
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		17 500	17 500	24 500	29 500	29 500	29 500	40 000	45 000	50 000
<b>Total number of households</b>	5	<b>117 500</b>	<b>121 000</b>	<b>157 000</b>	<b>179 000</b>	<b>179 000</b>	<b>179 000</b>	<b>205 000</b>	<b>220 000</b>	<b>240 000</b>
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		43	50	67	80	80	80	85 000	90 000	95 000
Flush toilet (with septic tank)										
Chemical toilet		10	10	12	15	15	15	15 000	20 000	25 000
Pit toilet (ventilated)		40	40	47	50	50	50	50 000	55 000	60 000
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		92 691	100 000	126 148	145 000	145 000	145 000	150 000	165 000	180 000
Bucket toilet		40	40	47	50	50	50	50	50	50
Other toilet provisions (< min.service level)										
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		40 428	40 428	47 428	50 000	50 000	50 000	50 000	50 000	50 000
<b>Total number of households</b>	5	<b>133 119</b>	<b>140 428</b>	<b>173 576</b>	<b>195 000</b>	<b>195 000</b>	<b>195 000</b>	<b>200 000</b>	<b>215 000</b>	<b>230 000</b>
<b>Energy:</b>										
Electricity (at least min.service level)		24	27	39						
Electricity - prepaid (min.service level)					45 000	45 000	45 000	47 000	48 000	49 000
<i>Minimum Service Level and Above sub-total</i>		23 742	26 800	39 000	45 000	45 000	45 000	47 000	48 000	49 000
Electricity (< min.service level)		24	27	39	45 000	45 000	45 000	30 000	35 000	40 000
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		23 742	26 800	39 000	45 000	45 000	45 000	30 000	35 000	40 000
<b>Total number of households</b>	5	<b>47 484</b>	<b>53 600</b>	<b>78 000</b>	<b>90 000</b>	<b>90 000</b>	<b>90 000</b>	<b>77 000</b>	<b>83 000</b>	<b>89 000</b>
<b>Refuse:</b>										
Removed at least once a week										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week			29	29	29	29	29	29	29	29
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		-	29 374	29 374	29 374	29 374	29 374	29 374	29 374	29 374
<b>Total number of households</b>	5	<b>-</b>	<b>29 374</b>	<b>29 374</b>	<b>29 374</b>	<b>29 374</b>	<b>29 374</b>	<b>29 374</b>	<b>29 374</b>	<b>29 374</b>
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)										
Refuse (removed at least once a week)										
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)		5 595	5 119	5 619	5 727	5 727	5 727	6 320	6 674 342	7 034 757
Sanitation (free sanitation service)		1 604	1 345	1 545	1 636	1 636	1 636	6 320	6 674 342	7 034 757
Electricity/other energy (50kwh per household per month)		1 604	1 345	1 545	1 636	1 636	1 636	4 200	4 435 200	4 674 701
Refuse (removed once a week)		1 604	1 345	1 545	1 636	1 636	1 636	4 446	4 694 976	4 948 505
<b>Total cost of FBS provided (minimum social package)</b>		<b>10 407</b>	<b>9 154</b>	<b>10 254</b>	<b>10 635</b>	<b>10 635</b>	<b>10 635</b>	<b>21 287</b>	<b>22 479</b>	<b>23 693</b>
<b>Highest level of free service provided</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)										
Property rates (other exemptions, reductions and rebates)			23 620	28 620	29 700	29 700	29 700	9 600	10 137 600	10 685 030
Water		5 595	5 119	5 619	5 727	5 727	5 727	6 320	6 674 342	7 034 757
Sanitation		1 604	1 345	1 545	1 636	1 636	1 636	6 320	6 674 342	7 034 757
Electricity/other energy		1 604	1 345	1 545	1 636	1 636	1 636	4 200	4 435 200	4 674 701
Refuse		1 604	1 345	1 545	1 636	1 636	1 636	4 446	4 694 976	4 948 505
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
<b>Total revenue cost of free services provided (total social package)</b>	6	<b>10 407</b>	<b>32 774</b>	<b>38 874</b>	<b>40 335</b>	<b>40 335</b>	<b>40 335</b>	<b>30 887</b>	<b>32 616</b>	<b>34 378</b>

## **9. OVERVIEW OF THE ANNUAL BUDGET PROCESS**

### **9.1 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The IDP and Budget schedule of key deadlines was tabled before to consider and evaluate through the budget evaluation checklist, the budget process and consider a schedule of key deadlines for the preparation of the next financial year budget. During the same month the Mayor tabled in Council this schedule of key deadlines and the document was approved.

During September to October 2011 the Council engaged into an outreach program to assess the needs of the community in all wards. All needs recorded were later prioritized and included in Council's Integrated Development Plan.

The Mayor in the process of preparing the budget made sure that various issues required by the Municipal Financial Management Act are addressed:

- ☐ Review of the IDP objectives and strategies;
- ☐ Review of the 2010/11 Service Delivery and Budget Implementation Plan (SDBIP);
- ☐ Review of the existing and compiling new budget-related policies;
- ☐ Consider the Macro and Micro economic climate and budget guidelines, requirements and growth parameters;
- ☐ Planning the Implementation of GFS classifications;
- ☐ Consider proposed tariff increase;
- ☐ Prioritize community needs in the IDP when drafting Capital Budget;

On 28 March 2012 the draft budget and its supporting documents were tabled in Council for consideration, discussion and referral for community participation. After tabling, the draft 2012/13 budget, IDP and budget related policies as well as all other budget-related documents were published for public comments and inputs. All comments and submissions received were dealt with by the Mayor. There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

### **9.2 IDP and Service Delivery and Budget Implementation Plan**

This is the first stage of five years term to review the IDP of the municipality. The IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the first revision cycle included the following key IDP processes and deliverables:

- ☐ Registration of community needs;

- ☐ Compilation of departmental business plans including key performance indicators and targets;
- ☐ Financial planning and budgeting process;
- ☐ Public participation process;
- ☐ Compilation of the SDBIP, and
- ☐ The review of the performance management and monitoring processes

The IDP has been taken into a business and financial planning process leading up to the 2012/13 MTREF, based on the approved 2012/13 MTREF. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

### **9.3. Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2012/13 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2012/13 MTREF:

- ☐ Madibeng Local Municipality growth
- ☐ Policy priorities and strategic objectives
- ☐ Asset maintenance
- ☐ Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- ☐ Performance trends
- ☐ The approved 2011/12 adjustments budget and performance against the SDBIP
- ☐ Cash Flow Management Strategy
- ☐ Debtor payment levels
- ☐ Loan and investment possibilities
- ☐ The need for tariff increases versus the ability of the community to pay for services;
- ☐ Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 55,58 and 58 has been taken into consideration in the planning and prioritisation process.

## **10 . OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents.

The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area.

## 11. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

The performance of Madibeng Local Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. Madibeng Local Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by Madibeng Local Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

## 12. OVERVIEW OF BUDGET RELATED-POLICIES

Madibeng Local Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The following By-Law and policies relating to the budget were reviewed and adopted by Council:

- ☐ Budget Policy (revised)
- ☐ Indigent Household Subsidy policy (revised)
- ☐ Cash Management and Investment Policy (revised)
- ☐ Rates By-Law
- ☐ Policy On The Acceptance Of Grants
- ☐ Credit control By-Laws
- ☐ Credit Control and Debt Collection Policy (revised)
- ☐ Rates policy (revised)
- ☐ SCM Policy (revised)
- ☐ Tariffs policy (revised)

## 13. OVERVIEW OF BUDGET ASSUMPTIONS

This section of the budget report provides a summary of all principle and assumptions underlying the preparation of the budget and its proposals. Budgets are prepared in an environment of uncertainty and certain principles and assumptions need to be made about both internal and external factors that could impact on the budget during the course of the financial year.

### 13.1 External factors: General inflation outlook and its impact on the municipal activities,

- I. Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Madibeng Municipality's finances.

- II. The Council is committed to stringent budgeting policies and parameter through a budget that seeks to strike a balance between the development challenges of the poor areas and the need to maintain their infrastructure in established areas. The Council is also committed to ensuring that consultation on the budget take place as widely as possible and to achieve balanced budgets on an affordable basis now and in the future.
- III. The Council is further committed to levying affordable tariff increases.
- IV. Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Madibeng Local Municipality, household formation growth rate and the poor household change rate.
- V. The Executive Mayor will keeps record of all comments and submissions received and the steps taken to address most of the requests.
- VI. National Treasury advises that the medium term outlook for the South African economy remains positive with the inflation rate expected to stay within the target range of 3 to 6 percent. The inflation forecast (CPIX) announced for announced for 2012/13, 2013/14 and 2014/15 is 5.9%, 5.3% and 5.7% respectively. National Treasury set as guidelines parameters for the budget growth and these have been set at between 3% and 6% for the 2012/2013. The growth parameters apply to tariff increases for property rates, user and other charges raised by the municipalities, to ensure that all spheres of government support the nation macro-economic policies, unless it can be shown that external factors particular to the municipality concerned impact otherwise.
- VII. Another key focus of the 2012/13 financial year is to ensure that, all Indigents are registered and approved.

### **13.2 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### **13.3 Funding compliance measurement**

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA.



**(Table SA10) – Funding compliance measurement**

Description	MFMA section	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Funding measures</b>	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	12 106	57 699	185 199	21 105	21 105	83 531	52 559	53 159	34 575	26 336
Cash + investments at the yr end less applications - R'000	18(1)b	2	38 945	53 756	13 895	230 805	211 315	334 444	537 769	435 618	372 165	404 834
Cash year end/monthly employee/supplier payments	18(1)b	3	0.3	1.2	4.5	0.3	0.3	1.4	1.7	0.6	0.4	0.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(235 650)	55 252	(152 717)	59	41	226 475	235 147	76	4 223	10 425
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	7.5%	(12.5%)	73.0%	3.0%	(20.0%)	(32.1%)	4.9%	(0.4%)	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	140.5%	181.9%	144.0%	125.9%	114.2%	128.0%	82.8%	95.7%	95.7%	95.7%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	11.1%	6.7%	0.0%	20.8%	24.6%	0.0%	0.0%	24.8%	24.8%	24.8%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								59.2%	59.2%	59.2%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(7.1%)	4.0%	24.1%	0.0%	0.0%	41.1%	40.5%	5.5%	5.5%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	1.2%	(4.7%)	25.0%	0.0%	0.0%	(100.0%)	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Supporting indicators</b>												
% incr total service charges (incl prop rates)	18(1)a			13.5%	(6.5%)	79.0%	9.0%	(14.0%)	(26.1%)	10.9%	5.6%	5.4%
% incr Property Tax	18(1)a			18.2%	2.5%	49.0%	9.7%	(23.8%)	(19.3%)	(9.8%)	5.6%	5.4%
% incr Service charges - electricity revenue	18(1)a			21.7%	(14.6%)	74.7%	5.0%	5.2%	(26.9%)	18.4%	5.6%	5.4%
% incr Service charges - water revenue	18(1)a			6.8%	(2.0%)	195.0%	27.2%	(50.6%)	(11.7%)	(1.6%)	5.6%	5.4%
% incr Service charges - sanitation revenue	18(1)a			(27.5%)	17.4%	162.4%	0.0%	(22.8%)	(100.0%)	(8.5%)	5.6%	5.4%
% incr Service charges - refuse revenue	18(1)a			(14.7%)	1.1%	23.2%	0.0%	15.3%	24.4%	31.6%	5.6%	5.4%
% incr in Service charges - other	18(1)a			(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.6%	5.4%
Total billable revenue	18(1)a		340 069	378 933	353 663	633 803	690 605	594 058	438 956	765 942	808 835	852 512
Service charges			333 176	378 067	353 663	632 900	689 900	593 568	438 480	765 120	807 967	851 597
Property rates			96 951	114 581	117 408	174 900	191 900	146 238	117 953	173 020	182 709	192 575
Service charges - electricity revenue			165 333	201 159	171 738	300 000	315 000	331 380	242 274	373 000	393 888	415 158
Service charges - water revenue			29 790	31 813	31 188	92 000	117 000	57 762	50 993	115 100	121 546	128 109
Service charges - sanitation revenue			21 037	15 257	17 909	47 000	47 000	36 272	-	43 000	45 408	47 860
Service charges - refuse removal			17 895	15 257	15 421	19 000	19 000	21 916	27 260	25 000	26 400	27 826
Service charges - other			2 170	-	-	-	-	-	-	36 000	38 016	40 069
Rental of facilities and equipment			6 892	865	-	903	705	490	476	822	868	915
Capital expenditure excluding capital grant funding			35 062	4 545	31 855	51 600	70 998	70 998	1 512	5 500	-	-
Cash receipts from ratepayers	18(1)a		773 788	833 524	850 000	850 000	850 000	850 000	366 691	827 133	873 452	920 619
Ratepayer & Other revenue	18(1)a		550 563	458 197	590 078	675 388	744 193	663 927	442 602	864 263	912 661	961 945
Change in consumer debtors (current and non-current)			(19 652)	(8 977)	4 208	33 000	33 000	33 000	81 447	47 500	11 935	12 591
Operating and Capital Grant Revenue	18(1)a		-	169 607	0	259 200	259 200	257 945	248 497	289 843	306 617	328 594
Capital expenditure - total	20(1)(vi)		133 440	120 540	216 006	284 250	400 629	400 629	107 390	215 500	218 600	229 200
Capital expenditure - renewal	20(1)(vi)		-	-	-	-	-	-	-	-	-	-
<b>Supporting benchmarks</b>												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY										284 343	304 205	322 868
DoRA capital grants total MFY										204 881	213 784	231 963
Provincial operating grants												
Provincial capital grants												
District Municipality grants												
Total gazetted/advised national, provincial and district grants										489 224	517 989	554 831
Average annual collection rate (arrears inclusive)												
<b>DoRA operating</b>												
Local Government Equitable Share										273 733	293 205	315 018
Municipal Systems Improvement Grant										800	900	950
Local Government Financial Management Grant										1 500	1 500	1 500
Other Operational Grant										8 310	8 600	5 400
										284 343	304 205	322 868
<b>DoRA capital</b>												
Municipal Infrastructure Grant (Schedule 6)										198 870	209 784	227 963
Integrated National Electrification Programme (Municipal) Grant (Schedule 6)										4 600	4 000	4 000
EPWP Incentive Grant for Municipalities										1 411		
										204 881	213 784	231 963
<b>Trend</b>												
Change in consumer debtors (current and non-current)			(19 652)	(8 977)	4 208	81 447	47 500	11 935	12 591	-	-	-
<b>Total Operating Revenue</b>			589 882	633 526	590 078	942 273	1 016 078	933 822	730 126	1 166 256	1 232 109	1 304 062
<b>Total Operating Expenditure</b>			825 531	578 274	742 795	942 215	1 016 037	707 347	494 979	1 166 180	1 227 886	1 293 638
<b>Operating Performance Surplus/(Deficit)</b>			(235 650)	55 252	(152 717)	59	41	226 475	235 147	76	4 223	10 425
<b>Cash and Cash Equivalents (30 June 2012)</b>										53 159		

Description	MFMA section	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue</b>												
% Increase in Total Operating Revenue				7.4%	(6.9%)	59.7%	7.8%	(8.1%)	(21.8%)	14.8%	5.6%	5.8%
% Increase in Property Rates Revenue				18.2%	2.5%	49.0%	9.7%	(23.8%)	(19.3%)	(9.8%)	5.6%	5.4%
% Increase in Electricity Revenue				21.7%	(14.6%)	74.7%	5.0%	5.2%	(26.9%)	18.4%	5.6%	5.4%
% Increase in Property Rates & Services Charges				13.5%	(6.5%)	79.0%	9.0%	(14.0%)	(26.1%)	10.9%	5.6%	5.4%
<b>Expenditure</b>												
% Increase in Total Operating Expenditure				(30.0%)	28.5%	26.8%	7.8%	(30.4%)	(30.0%)	14.8%	5.3%	5.4%
% Increase in Employee Costs				15.9%	18.8%	(5.0%)	0.4%	3.7%	(38.2%)	6.1%	5.6%	5.4%
% Increase in Electricity Bulk Purchases				46.6%	(0.7%)	61.5%	(0.9%)	9.7%	(23.1%)	8.9%	5.6%	5.4%
Average Cost Per Budgeted Employee Position (Remuneration)					0	0				0		
Average Cost Per Councillor (Remuneration)					0	0				0		
R&M % of PPE			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Asset Renewal and R&M as a % of PPE			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Debt Impairment % of Total Billable Revenue			11.1%	6.7%	0.0%	20.8%	24.6%	0.0%	0.0%	24.8%	24.8%	24.8%
<b>Capital Revenue</b>												
Internally Funded & Other (R'000)			30 062	4 545	31 855	51 600	70 998	70 998	1 512	5 500	—	—
Borrowing (R'000)			5 000	—	—	—	—	—	—	—	—	—
Grant Funding and Other (R'000)			98 378	115 995	184 151	232 650	329 631	329 631	105 878	210 000	218 600	229 200
Internally Generated funds % of Non Grant Funding			85.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%
Borrowing % of Non Grant Funding			14.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			73.7%	96.2%	85.3%	81.8%	82.3%	82.3%	98.6%	97.4%	100.0%	100.0%
<b>Capital Expenditure</b>												
Total Capital Programme (R'000)			133 440	120 540	216 006	284 250	400 629	400 629	107 390	215 500	218 600	229 200
Asset Renewal			—	—	—	—	—	—	—	—	—	—
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Cash</b>												
Cash Receipts % of Rate Payer & Other			140.5%	181.9%	144.0%	125.9%	114.2%	128.0%	82.8%	95.7%	95.7%	95.7%
Cash Coverage Ratio			0	0	0	0	0	0	0	0	0	0
<b>Borrowing</b>												
Credit Rating (2009/10)										0		
Capital Charges to Operating			12.3%	(6.7%)	8.1%	(0.7%)	(0.6%)	(8.5%)	12.1%	6.7%	6.7%	6.7%
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Reserves</b>												
Surplus/(Deficit)			38 945	53 756	13 895	230 805	211 315	334 444	537 769	435 618	372 165	404 834
<b>Free Services</b>												
Free Basic Services as a % of Equitable Share			8.2%	5.4%	4.7%	4.3%	4.3%	4.3%		7.8%	7.7%	7.5%
Free Services as a % of Operating Revenue (excl operational transfers)			1.8%	7.1%	6.6%	5.9%	5.3%	6.0%		3.5%	3.5%	3.5%
<b>High Level Outcome of Funding Compliance</b>												
Total Operating Revenue			589 882	633 526	590 078	942 273	1 016 078	933 822	730 126	1 166 256	1 232 109	1 304 062
Total Operating Expenditure			825 531	578 274	742 795	942 215	1 016 037	707 347	494 979	1 166 180	1 227 886	1 293 638
Surplus/(Deficit) Budgeted Operating Statement			(235 650)	55 252	(152 717)	59	41	226 475	235 147	76	4 223	10 425
Surplus/(Deficit) Considering Reserves and Cash Backing			(196 705)	109 008	(138 822)	230 864	211 356	560 919	772 917	435 694	376 388	415 258
<b>MTREF Funded (1) / Unfunded (0)</b>	15		0	1	0	1	1	1	1	1	1	1
<b>MTREF Funded ü / Unfunded ü</b>	15		ü	ü	ü	ü	ü	ü	ü	ü	ü	ü

## 14. COUNCILLOR AND EMPLOYEE BENEFITS

**(Table SA22) - Summary of councillor and staff benefits**

Summary of Employee and Councillor remuneration	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
-	1	A	B	C	D	E	F	G	H	I
<b><u>Councillors (Political Office Bearers plus Other)</u></b>										
Basic Salaries and Wages		8 067	7 260	787	11 132	11 132	11 132	12 000	12 672	13 356
Pension and UIF Contributions		1 068	961	9 136	1 581	1 581	1 581	1 300	1 373	1 447
Medical Aid Contributions		646	581	795	1 244	1 244	1 244	600	634	668
Motor Vehicle Allowance		3 248	2 923	1 265	4 454	4 454	4 454	4 500	4 752	5 009
Cellphone Allowance		702	632	3 826	968	968	968	1 200	1 267	1 336
Other benefits and allowances		-	-	-	-	-	-	4 800	5 069	5 343
<b>Sub Total - Councillors</b>		<b>13 732</b>	<b>12 358</b>	<b>15 808</b>	<b>19 378</b>	<b>19 378</b>	<b>19 378</b>	<b>24 400</b>	<b>25 766</b>	<b>27 158</b>
<b>% increase</b>	4		<b>(10.0%)</b>	<b>27.9%</b>	<b>22.6%</b>	<b>-</b>	<b>-</b>	<b>25.9%</b>	<b>5.6%</b>	<b>5.4%</b>
<b><u>Senior Managers of the Municipality</u></b>	2									
Basic Salaries and Wages		2 161	1 816	3 880	3 950	4 950	4 950	5 184	5 474	5 770
Pension and UIF Contributions		474	398	900	950	950	950	1 010	1 067	1 124
Medical Aid Contributions		-	-	250	260	260	260	285	301	317
Overtime		588	494	1 000	-	-	-	-	-	-
Performance Bonus		-	-	40	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	35	38	38	38	45	48	50
Cellphone Allowance	3	-	-	-	50	50	50	70	74	78
Housing Allowances	3	-	-	320	348	348	348	389	411	433
<b>Sub Total - Senior Managers of Municipality</b>		<b>3 223</b>	<b>2 708</b>	<b>6 425</b>	<b>5 596</b>	<b>6 596</b>	<b>6 596</b>	<b>6 983</b>	<b>7 374</b>	<b>7 772</b>
<b>% increase</b>	4		<b>(16.0%)</b>	<b>137.3%</b>	<b>(12.9%)</b>	<b>17.9%</b>	<b>-</b>	<b>5.9%</b>	<b>5.6%</b>	<b>5.4%</b>
<b><u>Other Municipal Staff</u></b>										
Basic Salaries and Wages		95 984	120 878	106 210	130 488	130 488	130 488	143 519	151 556	159 740
Pension and UIF Contributions		29 350	24 244	22 245	31 633	31 633	31 633	28 237	29 819	31 429
Medical Aid Contributions		2 288	10 186	18 725	19 518	19 518	19 518	14 123	14 914	15 719
Overtime		12 223	8 506	9 356	6 906	6 906	6 906	16 745	17 683	18 638
Performance Bonus		-	165	169	-	-	-	-	-	-
Motor Vehicle Allowance	3	1 469	1 684	1 271	11 382	11 382	11 382	11 178	11 804	12 441
Cellphone Allowance	3	17 086	1 883	20 252	2 186	2 186	2 186	150	159	167
Housing Allowances	3	-	-	-	1 691	1 691	1 691	818	864	910
Other benefits and allowances	3	-	13 158	17 211	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	2 858	2 858	2 858	3 450	3 643	3 840
<b>Sub Total - Other Municipal Staff</b>		<b>158 400</b>	<b>180 706</b>	<b>195 439</b>	<b>206 662</b>	<b>206 662</b>	<b>206 662</b>	<b>218 221</b>	<b>230 441</b>	<b>242 885</b>
<b>% increase</b>	4		<b>14.1%</b>	<b>8.2%</b>	<b>5.7%</b>	<b>-</b>	<b>-</b>	<b>5.6%</b>	<b>5.6%</b>	<b>5.4%</b>
<b>Total Parent Municipality</b>		<b>175 355</b>	<b>195 772</b>	<b>217 672</b>	<b>231 636</b>	<b>232 636</b>	<b>232 636</b>	<b>249 604</b>	<b>263 582</b>	<b>277 815</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>			<b>11.6%</b>	<b>11.2%</b>	<b>6.4%</b>	<b>0.4%</b>	<b>-</b>	<b>7.3%</b>	<b>5.6%</b>	<b>5.4%</b>
		<b>175 355</b>	<b>195 772</b>	<b>217 672</b>	<b>231 636</b>	<b>232 636</b>	<b>232 636</b>	<b>249 604</b>	<b>263 582</b>	<b>277 815</b>
<b>% increase</b>	4		<b>11.6%</b>	<b>11.2%</b>	<b>6.4%</b>	<b>0.4%</b>	<b>-</b>	<b>7.3%</b>	<b>5.6%</b>	<b>5.4%</b>
<b>TOTAL MANAGERS AND STAFF</b>	5	<b>161 623</b>	<b>183 414</b>	<b>201 864</b>	<b>212 258</b>	<b>213 258</b>	<b>213 258</b>	<b>225 204</b>	<b>237 815</b>	<b>250 657</b>

## 15. ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS

The SDBIP's for the different departments will in terms of section 53(1)(c)(ii) of the MFMA be tabled and approved by the mayor within 28 days after the approval of the annual budget

## 16. CAPITAL EXPENDITURE DETAILS

The following tables' present details of Madibeng Local Municipality's capital expenditure programme, firstly on new assets and on the repair and maintenance of assets.

**(Table SA36) - Detailed capital budget per municipal vote**

	CAPITAL PROJECTS	WARD BENEFITING	BUDGET 2012/13	BUDGET 2013/14	Budget 2014/15	FUNDING SOURCE
1	MMAKAU WATER RETICULATION	19	12 000 000			MIG
2	BRITS/MABOLOKA BULK WATER PIPELINE	2,4,5,6,9,11,12,14,34,35		20 000 000		MIG
3	WATER SUPPLY SCHEME WARD 1	1	2 000 000	15 000 000	15 000 000	MIG
4	KLIPGAT EXTENTIONS WATER SUPPLY	24,8,36	25 000 000	5 000 000	15 000 000	MIG
5	HEBRON, KGABALATSANE, ITSOSENG, ROCKVILLE WATER SUPPLY	10,15,16	34 000 000	20 000 000	20 000 000	MIG
6	MABOLOKA ENVIRONMENT WATER SUPPLY	4,5,6	5 000 000			MIG
7	SUNWAY VILLAGE BULK SEWERLINE	30	5 000 000			MIG
8	LETLHABILE WASTE WATER TREATMENT WORKS- REFURBISHMENT	9,11,12,34	4 000 000	2 000 000	5 000 000	MIG
9	MOTHUTLUNG WASTE WATER TREATMENT WORKS-REFURBISHMENT	20	1 500 000	2 500 000	2 000 000	MIG
10	RIETFontein WASTE WATER TREATMENT WORKS	30	2 500 000	2 000 000		MIG
11	KLIPGAT SANITATION PROJECT	24,8,36	1 500 000	4 000 000	5 000 000	MIG
12	BRITS SEWERAGE PLANT (PUMP STATION)	9,11,12,13,21,22,23	5 000 000	4 000 000	25 000 000	MIG
13	FAFUNG, TO RASAI ROAD	1	10 000 000	8 000 000	8 000 000	MIG
14	MOTHUTLUNG STORM WATER	20	5 000 000	5 000 000		MIG
15	LETLHABILE STORMWATER	9,11,12	5 000 000	5 000 000	10 000 000	miq
16	OUKASIE STORM WATER	13,21,22	10 000 000	8 000 000	8 000 000	MIG
17	OUKASIE TO ELANDSRAND CONNECTION ROAD	21,22	4 000 000	5 000 000		MIG / SANRAL/PROV. ROAD
18	RANKOTEA ROAD	14	18 000 000	10 000 000	10 000 000	MIG/PPP
19	KLIPGAT STORM WATER	24,8,36	5 000 000	3 000 000		MIG
20	MAKGABETLWANE TO JERICHO ROAD	34,2	12 000 000	8 000 000	15 000 000	MIG
21	CLUSTER ROADS (ALL WARDS)	ALL WARDS	1 500 000	20 000 000	40 000 000	MIG
22	NEW NORTHERN REGIONAL LANDFIL SITE	ALL WARDS	2 000 000	10 000 000	9 000 000	MIG
23	OUKASIE WASTE TRANSFER STATION	13,21,22	2 000 000			MIG
24	CONSTRUCTION OF WASTE TRANSFER STATION	10,15,16	3 000 000			MIG
25	CONSTRUCTION OF WASTE TRANSFER STATION	17,18,19	3 000 000			MIG
26	NEW OUKASIE CEMETRY	13,21,22	500 000	4 000 000	2 200 000	MIG
27	MADIDI CEMETRY PHASE 2	3			2 000 000	MIG
27	MAJAKANENG CEMETERY	7	2 800 000			MIG
28	LETLHABILE CEMETRY	9,11,12	4 000 000	2 500 000		MIG
29	COMMUNITY HALL ( WARD 1)	1	500 000	4 500 000		MIG
30	COMMUNITY HALL ( WARD 17)	17	300 000	4 500 000		MIG
31	COMMUNITY HALL ( WARD 25)	25	300 000	4 500 000		MIG
32	LETHABONG/MABOLOKA LIBRARY	4,5,6	2 500 000			MIG
33	HEBRON COMMUNITY LIBRARY	15	300 000	5 000 000		MIG
34	HEBRON INDOOR SPORTS CENTRE	15		500 000	8 000 000	MIG
35	KGABALATSANE SPORTS FACILITY	10	500 000	5 000 000		MIG
36	JERICHO MULTI-PURPOSE CENTRE	2	500 000	6 000 000		MIG
37	DITHABANENG MULTI PURPOSE CENTRE	27	1 200 000	4 800 000		MIG
38	WONDERKOP MULTI-PURPOSE CSNTRE	32	500 000	6 000 000		MIG
39	MADIDI MULTIPURPOSE CENTRE	3		6 800 000		MIG
40	DAMMONSVILLE UPGRADING OF SPORTS FACILITY	21	500 000	2 000 000		MIG
41	SHAKUNG MULTIPURPOSE CENTRE	34	4 000 000	3 000 000		MIG
42	HIGHMAST LIGHTS AND STREEET (ALL CLUSTER)	ALL WARDS		1 000 000	30 000 000	MIG
			<b>196 400 000</b>	<b>216 600 000</b>	<b>229 200 000</b>	
	OTHERS					
43	BRITS PURIFICATION PLANT	ALL WARDS	5 000 000	25 000 000	45 000 000	RBIG
44	REFURBISHMENT OF DWA NETWORKS	ALL WARDS	5 000 000			DWA
45	VIP TOILETS	3,8,25,27,29,30	9 000 000	6 000 000		RHID
46	ELECTRIFICATION OF 750 ERVEN: LETHLABILE EXTENTION I PHASE II	9	4 600 000			INEP
47	ELECTRIFICATION OF 500 ERVEN: SEGWAELANE Phase 2	32	7 980 000			ESKOM
48	ELECTRIFICATION OF 560 ERVEN: KGABALATSANE PHASE 1	10	7 900 177			ESKOM
49	DEKROON SUBSTATION		3 000 000			INTERNAL
50	REHABILATION OF BOREHOLES	1,2,7,8,34	2 100 000			HERNIC
51	TREATED-EFFLUENT PIPELINE	ALL WARDS	120 000 000			LONMIN/IFC/AMPLATS
52	MAJAKANENG STORMWATER	7	3 500 000			LONMIN
53	EPWP - RESEALING BRITS, HARTBEESPOORTDAM ROADS	21,22,23,29,30	4 000 000	2 000 000		EPWP
54	XANADU BULK WATER PIPE LINE/HARTBEESPORT LOW COST HOUSING		2 500 000			INTERNAL
			<b>174 580 177</b>	<b>33 000 000</b>	<b>45 000 000</b>	
			<b>370 980 177</b>	<b>249 600 000</b>	<b>274 200 000</b>	

## 17. LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### MFMA Implementation and Monitoring Checklist

The municipality is generally complying for the majority of the implementation priorities as per the National Treasury implementation and monitoring checklist. This checklist is updated quarterly and submitted to National Treasury. Below in Table 11 is a summary of progress against the plan

No.	Implementation priority as per NT template	Progress
1	Preparing an implementation plan	50%
2	Allocating appropriate responsibilities under the MFMA to Accounting Officer	70%
3	Establishing a top (senior) management team	60%
4	Implementing appropriate controls over municipal bank accounts and cash management	90%
5	Meeting of financial commitments	80%
6	Reporting revenue and expenditure	60%
7	Supply chain management	40%
8	Implementing reforms in relation to municipal entities and long-term contracts	90%
9	Completing financial statements and advising National Treasury	80%
10	Completing and tabling annual report	80%
11	Complying with provisions for tender committees, boards of municipal entities and in relation to forbidden activities	80%
12	Complying with provisions for internal audit and audit committees	80%
13	Complying with provisions for budgets	75%
14	Information to be placed on website	50%

### MFMA returns

Name of return	Submitted to
<b>MONTHLY</b>	
Financial Management Grant	NT/PT
Age Analysis Debtors (AD) and Creditors (AC), Cash Flow, Operating Statement Actual (OSB)	NT/PT
Section 71 Budget Statements	PT/NT
Supply Chain Management	NT/PT
MIG returns	NT/PT
MSIG	NT/PT
Conditional Grants returns NT/PT	
<b>QUARTERLY</b>	
MFMA Implementation and monitoring checklist	NT/PT
Municipal entities	NT/PT
Long-term contracts	NT/PT
Borrowing	NT/PT

<b>ANNUALLY</b>	
Budget tables return	NT/PT
Operating Statement Budget	NT/PT
Cash flow Budget	NT/PT
Budget Capital Acquisition	NT/PT
Budget Evaluation Check list	
<b>MONTHLY</b>	
Financial Management Grant	NT/PT
Age Analysis Debtors (AD) and Creditors (AC), Cash Flow, Operating Statement Actual (OSB)	NT/PT
Section 71 Budget Statements	PT/NT
Supply Chain Management	NT/PT
MIG returns	NT/PT
MSIG	NT/PT
Conditional Grants returns NT/PT	
<b>QUARTERLY</b>	
MFMA Implementation and monitoring checklist	NT/PT
Municipal entities	NT/PT
Long-term contracts	NT/PT
Borrowing	NT/PT
<b>ANNUALLY</b>	
Budget tables return	NT/PT
Operating Statement Budget	NT/PT
Cash flow Budget	NT/PT
Budget Capital Acquisition	NT/PT
Budget Evaluation Check list	

### **Audit committees**

The municipality has an audit committee in place comprising of independent members as required by section 166 of the MFMA. The Audit Committee meets at least quarterly.

### **Tabling of section 71 reports**

Section 71 reports are submitted to the Executive Mayor and also forwarded to National Treasury/Provincial treasury on a monthly basis.

### **Delegations**

All delegations are in place.

### **Performance agreements**

For the 2012/2013 financial year performance agreements must be signed.

### **Risk management**

The municipality have an updated risk management strategy and plan in place.

## 18. MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I ....., municipal manager of Madibeng Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_  
Municipal Manager of Madibeng Local Municipality

Signature \_\_\_\_\_

Date \_\_\_\_\_